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Financial report and audited financial statements

for the 12-month period from 1 July 2002 to 30 June 2003

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Fifty-eighth Session
Supplement No. 5 (A/58/5)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

MINUCI	United Nations Mission in Côte d'Ivoire
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURSO	United Nations Mission for the Referendum in Western Sahara
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
ONUC	United Nations Operation in the Congo
ONUCA	United Nations Observer Group in Central America
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
UNAMET	United Nations Mission in East Timor
UNAMIC	United Nations Advance Mission in Cambodia
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMISET	United Nations Mission of Support in East Timor

UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPROFOR	United Nations Protection Force
UNSMIH	United Nations Support Mission in Haiti
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

26 September 2003

Dear Mr. Chairman,

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations peacekeeping operations for the 12-month period from 1 July 2002 to 30 June 2003, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Kofi A. **Annan**

Mr. François Logerot
Chairman
United Nations Board of Auditors
New York

30 January 2004

Sir,

I have the honour to transmit to you the financial statements of the United Nations Peacekeeping Operations for the financial period ended 30 June 2003, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report on the United Nations peacekeeping operations for the period from 1 July 2002 to 30 June 2003

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations peacekeeping operations for the period from 1 July 2002 to 30 June 2003. The accounts consist of summary statements as well as individual statements for each of the active and closed peacekeeping missions. In addition, information on peacekeeping missions funded by the regular budget and on trust funds related to peacekeeping operations is presented in annexes to these statements.

B. Financial overview

2. The table below gives an overview of the financial position.

Financial highlights

	2003 US$ (millions)	*2002 US$ (millions)*	*Change (per cent)*
Total assessments	**2 519.2**	**2 679.9**	**-6**
Total expenditures	**2 500.8**	**2 571.6**	**-3**
Outstanding assessments:			
Active missions	508.3	662.2	-23
Closed missions	530.7	586.7	-10
Peacekeeping reserve, support account, UNLB	38.6	-	*
Total	**1 077.6**	**1 248.9**	**-14**
Cash balances:			
Active missions	1 045.9	1 049.4	-
Closed missions	381.0	469.6	-19
Peacekeeping reserve, support account, UNLB	290.5	212.0	37
Total	**1 717.4**	**1 731.0**	**-1**
Total liabilities:			
Active missions	1 058.1	1 175.7	-10
Closed missions	346.5	334.6	4
Peacekeeping reserve, support account, UNLB	72.6	16.9	330
Total	**1 477.2**	**1 527.2**	**-3**
Cash available/(shortfall):			
Active missions	(12.2)	(126.3)	90
Closed missions	34.5	135.0	-74
Peacekeeping reserve, support account, UNLB	217.9	195.1	12
Total	**240.2**	**203.8**	**18**

* Not meaningful.

3. The overall level of the United Nations peacekeeping operations was relatively stable during the current financial period. There was an expansion of operations in the African region, primarily in MONUC. At the same time, a number of peacekeeping missions were scaled down in response to Security Council mandates, and UNMIBH closed down.

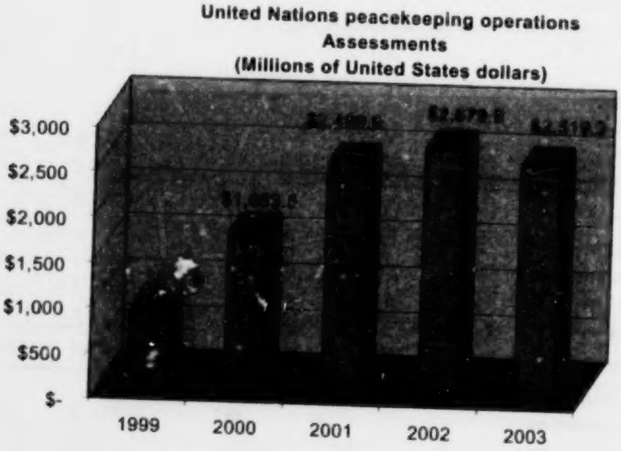
4. The overall financial position for peacekeeping operations was relatively unchanged from the previous year, with increased cash availability in active missions offset by reduced cash in the closed missions. Outstanding assessments declined 23 per cent from $662.2 million to $508.3 million. That enabled earlier settlement of debts in the active missions to troop-contributing countries. On the other hand, closed missions had reduced cash, as pursuant to General Assembly decisions, funds were used for strategic deployment stocks (SDS) and $84.4 million was returned to Member States.

C. Assessments

5. During the 2002/03 financial period, assessments for UNIFIL, MINURSO, UNAMSIL, UNMIK, UNTAET/UNMISET were lower than during the previous period due to the scaling down of the operations at those missions. On the other hand, MONUC's assessments increased, reflecting a build-up in the number of authorized troops. Overall, there was a reduction of 6 per cent in the total assessments, from $2,679.9 million to $2,519.2 million.

6. Figure 1 shows the trend in the assessments for peacekeeping operations for the current and four preceding financial periods.

Figure 1

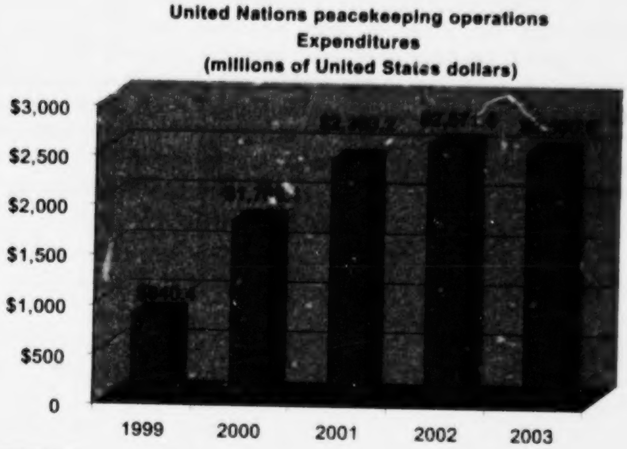


D. Expenditures

7. Total expenditures declined by 3 per cent in the current period, from $2,571.6 million as at 30 June 2002 to $2,500.8 million as at 30 June 2003. The overall decline in expenditures is attributable to the scaled-down operations in UNIFIL, UNIKOM, UNAMSIL, UNMIK and UNTAET/UNMISET and the completion of UNMIBH's mandate, offset by an increase in MONUC's spending.

8. Figure 2 shows the trend in total expenditures for all peacekeeping missions for the period ended 30 June 2003 and the four preceding financial periods.

Figure 2



Note: Expenditures for fiscal years 1999 through 2002 were reclassified to conform to current presentation.

E. Unpaid assessments

9. Table 1 below shows the amounts of unpaid assessed contributions for each of the United Nations peacekeeping operations as at the end of the current period and the four preceding financial periods.

Table I.1
Unpaid assessed contributions

(Millions of United States dollars)

Mission	*30 June 1999*	*30 June 2000*	*30 June 2001*	*30 June 2002*	*30 June 2003*
UNFICYP	17.4	18.0	18.3	13.7	13.7
UNDOF/UNEF	14.7	15.1	14.4	15.4	14.1
UNIFIL	108.6	111.6	165.6	84.3	71.8
UNIKOM	10.4	11.6	13.5	12.2	9.6
MINURSO	54.8	76.7	90.0	48.5	41.6
UNMIBH	35.6	44.7	50.2	53.4	46.5
UNOMIG	8.0	12.1	12.5	6.5	8.0
UNAMSIL/UNOMSIL	4.5	135.3	243.9	141.1	93.7
UNMIK	-	93.7	120.1	48.7	51.4
MONUC	-	165.2	118.1	94.3	56.1
UNTAET/UNMISET	-	171.7	190.9	110.7	74.1
UNMEE	-	-	121.0	33.4	27.7
Subtotal – Active missions[a]	**254.0**	**855.7**	**1,158.5**	**662.2**	**508.3**
UNMOT	5.0	2.5	1.7	1.5	0.4
UNSMIH/UNTMIH/MIPONUH	22.4	21.1	20.2	19.8	19.8
MINURCA	47.5	40.6	36.2	36.0	36.0
MONUA/UNAVEM	129.1	95.4	75.8	51.6	43.4
UNPREDEP	15.5	9.6	9.4	3.6	2.6
UNTAES	31.5	26.3	26.1	14.4	12.3
UNOMIL	5.6	5.4	4.0	3.5	1.5
UNPF	671.0	621.5	617.0	192.0	155.2
MINUGUA	0.2	0.2	0.1	0.1	0.2
UNMIH	8.1	7.3	2.7	2.0	1.9
UNAMIR/UNOMUR	25.8	24.9	24.4	19.4	15.3
ONUSAL	3.1	2.9	2.8	2.8	2.8
ONUMOZ	20.1	19.1	18.8	18.8	18.7
UNOSOM	284.5	233.8	194.1	61.4	61.2
UNMLT	-	-	-	-	-
UNTAC	47.4	45.7	43.8	43.1	42.8
UNTAG	0.4	0.3	0.1	0.1	0.1
UNIIMOG	0.1	0.1	0.1	0.1	-
UNEF (1956)	42.6	42.6	42.6	42.6	42.6
ONUC	73.9	73.9	73.9	73.9	73.9
Subtotal – Closed missions[a]	**1 433.8**	**1 273.2**	**1 193.8**	**586.7**	**530.7**
Subtotal – Peacekeeping Reserve, support account, UNLB (SDS)	-	-	-	-	**38.6**
Total	**1 687.8**	**2 128.9**	**2 352.3**	**1 248.9**	**1 077.6**

[a] Classifications between active and closed missions is as at 30 June 2003, and prior years reclassified accordingly.

10. An encouraging trend during the current period was that the level of unpaid assessments in almost all active missions continued to decline, with a 23 per cent overall reduction. A reduction was also experienced among the closed missions, principally in the United Nations Peace Forces (UNPF). However, at year end, an assessment of $38.5 million remained unpaid for strategic deployment stocks in UNLB.

F. Liquidity

11. Table 2 summarizes the cash available for each peacekeeping operation and the liabilities, including amounts owed to Member States.

12. The overall liquidity of active missions shows some improvement during the current period, with earlier receipt of assessments. Nevertheless, a number of active missions (UNFICYP, MINURSO, MINUCI, UNAMSIL, UNMISET, UNMEE) continued to operate without sufficient cash to settle all their obligations immediately. The cash position of closed missions weakened during the current period as, further to the General Assembly's directives, funds from UNPF and UNMIH were utilized for strategic deployment stocks ($97.8 million) and funds from ONUCA/ONUSAL, UNPREDEP, UNTAES, UNAVEM/MONUA, UNAMIR/UNOMUR, UNMOT, UNTAG, UNOMIL, UNMIH and UNPF, totalling $84.4 million, were credited to Member States.

Table I.2

Available cash versus liabilities as at 30 June 2003

(Millions of United States dollars)

Mission	*Available cash*[a] *30 June 2003* *(1)*	*Liabilities*[b] *30 June 2003* *(2)*	*Excess (shortfall) 30 June 2003* *(1) – (2)*	*Excess/(shortfall) 30 June 2002*
UNFICYP	7.8	14.3	(6.5)	5.5
UNDOF/UNEF	23.3	15.6	7.7	6.8
UNIFIL	126.5	56.8	69.8	62.6
UNIKOM	38.2	9.0	29.2	30.8
MINURSO	2.5	12.2	(9.7)	(10.5)
UNMIBH	28.2	17.6	10.6	0.5
UNOMIG	8.2	6.5	1.7	1.8
UNAMSIL/UNOMSIL	324.3	400.7	(76.4)	(83.7)
UNMIK	48.0	86.3	(38.3)	16.3
MONUC	267.0	198.9	68.1	(54.4)
UNTAET/UNMISET	59.4	122.7	(63.3)	(91.2)
UNMEE	112.5	116.5	(4.0)	(10.8)
MINUCI	-	1.0	(1.0)	-
Subtotal – Active missions	**1 045.9**	**1 058.1**	**(12.2)**	**(126.3)**
UNMOT	8.4	3.1	5.3	7.4
UNSMIH/UNTMIH/MIPONUH	1.8	10.2	(8.4)	(8.7)
MINURCA	0.3	28.0	(27.8)	(29.7)
MONUA/UNAVEM	62.1	28.3	33.8	54.7
UNPREDEP	22.6	16.5	6.1	6.4
UNTAES	35.8	21.7	14.2	13.2
UNOMIL	13.5	4.5	9.0	12.9
UNPF	110.4	31.8[c]	78.6	107.9[c]
MINUGUA	-	0.1	(0.1)	(0.1)
UNMIH	44.0	15.5	28.5	50.2
UNAMIR/UNOMUR	28.8	8.5	20.3	25.3
ONUSAL	7.1	3.8	3.2	5.9
ONUMOZ	0.6	2.1	(1.5)	(1.6)
UNOSOM	1.9	22.7	(20.8)	(24.2)
UNMLT	0.2	0.1	0.1	0.1
UNTAC	0.8	42.7	(41.9)	(42.8)
UNTAG	38.5	19.5	19.0	39.0
UNIIMOG	4.2	-	4.2	3.9
UNEF (1956)	-	40.8	(40.8)	(38.3)
ONUC	-	46.6	(46.6)	(46.5)
Subtotal – Closed missions	**381.0**	**346.5**	**34.5**	**135.0**
Subtotal – Peacekeeping Reserve, support account, UNLB	**290.5**	**72.6**	**217.9**	**195.1**
Total	**1 717.4**	**1 477.2**	**240.2**	**203.8**

[a] Comprises sum of cash and term deposits and the cash pool.

[b] Represents total liabilities.

[c] Excludes deferred credits of $127.4 million being expenditures reimbursable by Member States.

G. United Nations Peacekeeping Reserve Fund

13. During the financial period, an amount of $14.1 million was transferred from the Peacekeeping Reserve Fund to fund strategic deployment stocks. As a result, reserves and fund balances as at 30 June 2003 stood at $194.3 million, comprising the $150 million reserve and $44.3 million in accumulated interest income. The General Assembly, in its resolution 57/317 of 18 June 2003, authorized a transfer of $33.3 million from the cumulative surplus to meet the 2003/04 requirements of the support account for peacekeeping operations for the period from 1 July 2003 to 30 June 2004, which reduced the cumulative surplus to $11.0 million as of 1 July 2003.

H. Support account for peacekeeping operations

14. Total expenditures for the support account for the 12-month period ended 30 June 2003 amounted to $97.1 million, compared to $84.3 million in the previous period. The increase was mainly due to the full impact of additional posts authorized following the comprehensive review and capacity study requested by the Special Committee on Peacekeeping Operations.

I. United Nations Logistics Base at Brindisi

15. The United Nations Logistics Base at Brindisi manages surplus assets from closed and/or downsized missions, maintains mission start-up kits and manages strategic deployment stocks. Expenditures of $141.5 million were authorized for strategic deployment stocks, of which $88.9 million had been spent by the end of the period ending June 2003. The remainder is expected to be spent in the period ending June 2004.

J. Closed missions

16. During the current financial period, main activities in respect of closed missions were (a) transfers of $97.8 million from UNPF and UNMIH fund balances to finance strategic deployment stocks, leaving an amount of $43.7 million remaining to be transferred, (b) return of $84.4 million from ONUCA/ONUSAL, UNPREDEP, UNTAES, UNAVEM/MONUA, UNAMIR/UNOMUR, UNMOT, UNTAG, UNOMIL, UNMIH and UNPF to Member States, and (c) an appropriation of $12.5 million from the cumulative surplus of UNAVEM/MONUA to fund additional obligations in respect of outstanding government claims. During the year, temporary loans were also made from the closed missions to fund active peacekeeping missions as well as the regular budget and the Tribunals.

Annex

Supplementary information

1. The present annex includes supplementary information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, losses of cash and receivables amounting to $341,803 were written off during the period ended 30 June 2003. A summary statement of losses was provided to the Board of Auditors in compliance with the provisions of financial rule 106.8.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $6,690,345 were written off during the period ended 30 June 2003. The losses are based on the original cost of the properties, and include write-offs arising from shortfalls, thefts, damages and accidents. The write-offs bring the recorded balances of properties to the same levels as those shown in the property records for the actual quantities on hand. A summary statement showing the inventory values of non-expendable equipment as well as property write-offs was provided to the Board in accordance with financial rule 106.9.

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the United Nations peacekeeping operations for the year ended 30 June 2003 at Headquarters as well as two field missions funded from the regular budget, 10 missions funded from special assessed contributions and the United Nations Logistics Base at Brindisi, Italy. The audit of Headquarters also included the Peacekeeping Reserve Fund and the support account for peacekeeping operations, the accounts of 4 field missions which were not visited, as well as 20 completed missions. The Board also addressed special requests from the Advisory Committee on Administrative and Budgetary Questions and the General Assembly, as noted in paragraph 5 of the present report.

The Board's main findings are as follows:

(a) The financial position of the United Nations peacekeeping operations had remained fairly stable since the previous financial period. However, assessed contributions to the value of $593.7 million as at 30 June 2003 had been outstanding for over one year. Furthermore, there was a shortfall of cash of approximately $92.9 million to settle the outstanding liabilities of closed missions;

(b) The process of property write-offs continued to be protracted. Property pending write-off and disposal at 30 June 2003 amounted to $43.1 million;

(c) Expenditures of only $88.9 million were incurred at year-end in respect of strategic deployment stocks out of a total approved level of $141.5 million, thereby not achieving a full capability to support rapid deployment of a complex mission by the initial deadline of 1 July 2003, resulting in the deadline being extended to 30 June 2004;

(d) There were no written agreements for strategic deployment stocks transferred to non-peacekeeping missions and agencies in terms of replenishment practices to enable the Administration to formally hold these entities liable for the repayment of agreed costs and at agreed times;

(e) An amount of $59.1 million (22 per cent) of appropriated funds of $270.2 million for air operations costs for selected missions was unspent at year-end. Actual flight hours of 45,501 for these missions were lower than the budgeted hours of 89,684 due to excessive budgeting of mission requirements;

(f) Peacekeeping missions did not always submit performance evaluation reports for air vendors to Headquarters on a regular basis. Some missions did not consistently complete performance reports before contracts were extended or renewed;

(g) Procurement lead times at Headquarters and the missions often remained excessive at different stages of the procurement cycle;

(h) Staff members at many missions were appointed, in instances, at lower levels to perform functions at the higher level of posts as initially advertised, indicating a risk of inappropriate post levels;

(i) Training, including in the areas of aviation and procurement, could be improved particularly with respect to evaluating the effectiveness of training actions.

The Board's main recommendations are that the Administration review asset management replacement policies; remedy factors causing delays in the write-off and disposal process; address factors hampering the acquisition and replenishment of the strategic deployment stocks; establish written agreements for shipments from strategic deployment stocks; approve a method for consistently applying strategic deployment stocks replenishment; better formulate the budget to make it more reflective of actual air operations; assess the cost-effectiveness of utilizing an executive jet; identify and evaluate the reasons for excessive procurement lead times; compile performance reports before extending or renewing contracts; ensure that staff occupying posts are on the same level as required by the posts or re-evaluate levels of posts to rectify inconsistencies; adequately train staff; and evaluate the impact of training actions.

A list of the Board's main recommendations appears in paragraph 12 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations peacekeeping operations for the period from 1 July 2002 to 30 June 2003 in accordance with General Assembly resolutions 74 (I) of 7 December 1946, 47/211 of 23 December 1992 and 49/233 A of 23 December 1994. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 July 2002 to 30 June 2003 had been incurred for the purposes approved by the governing bodies, whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the United Nations peacekeeping operations presented fairly their financial position as at 30 June 2003. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its expanded audit coverage at Headquarters, at 12 field missions and the United Nations Logistics Base in Brindisi, Italy. The coverage also included the audit of the accounts of 20 completed missions, 4 field missions that were not visited, as well as the Peacekeeping Reserve Fund and the support account for peacekeeping operations. The missions audited are listed in annex I to the present chapter.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulation 7.5 and, in general, of the administration and management of peacekeeping operations. The General Assembly also requested the Board to follow up on previous recommendations and to report to it accordingly. These matters are addressed in paragraphs 10 and 11 below.

5. The present report addresses requests made by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly as outlined below:

(a) To ascertain, during its regular audits, whether an effective and adequate capacity is in place in peacekeeping operations to plan, manage and monitor the configuration and utilization of air assets; and to provide in the report information on air incidents and accidents (see A/57/772, paras. 108 and 110). The Board's comments are included in paragraphs 117 to 157 of the present report;

(b) To continue to follow up on matters such as effective and efficient use of resources; contingent-owned equipment; inventory management; procurement practices; and training (see A/57/772). The Board has addressed these issues under the respective sections as included in this report;

(c) To review the implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations as approved by the General Assembly, to gauge the effects of management reform measures taken since the approval of the report and to report thereon to the General Assembly at its fifty-eighth session (General Assembly resolution 57/318 of 18 June 2003).

6. The Board recalled that the General Assembly had, in paragraph 18 of its resolution 56/241 of 24 December 2001 and the corrigendum thereto (A/56/49, vol. I/Corr.1 of 11 July 2002), requested "the Secretary-General to entrust the Office of Internal Oversight Services of the Secretariat with the task of conducting an evaluation of the impact of the recent restructuring of the Department of Peacekeeping Operations on its backstopping of peacekeeping operations performance, and the impact on efficient and effective use of the resources of the Department, and to report to the General Assembly at its resumed fifty-eighth session". In response to the resolution, the Office of Internal Oversight Services planned to report to the General Assembly at its resumed fifty-eighth session. The evaluation would cover aspects such as: strengthening strategic and operational planning; policy and capacity development; mission guidance and support; mission leadership; rapid deployment capacity; information technology management; personnel management and support; logistical backstopping; financial management and support; and overall impact on efficient and effective use of resources. Accordingly, in order to avoid a duplication of efforts and use of resources, the Board has postponed acting upon General Assembly resolution 57/318, until such time the Board has considered the report of the Office of Internal Oversight Services and assessed what additional evaluation to provide as appropriate.

7. The Board continued to report the results of audits to the Administration in management letters containing detailed observations and recommendations. Fourteen management letters were issued covering the financial period ended 30 June 2003.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, the views of which have been appropriately reflected in the report.

9. A summary of the Board's main recommendations is contained in paragraph 12 below. The detailed findings are discussed in paragraphs 14 to 279.

1. Previous recommendations not fully implemented

Year ended 30 June 2001 (report A/56/5, vol. II, chap. II)

10. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by the Administration to implement the recommendations made in its report for the period ended 30 June 2001 and confirms that there are no significant outstanding matters except for those addressed in the present report.

Year ended 30 June 2002 (report A/57/5, vol. II, chap. II)

11. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the financial period ended 30 June 2002. Details of the action taken and the comments of the Board are included in the report and have been summarized in annex II (table A) to the present chapter. Out of a total of 39 recommendations, 16 (41 per cent) were implemented, while 23 (59 per cent) were under implementation.

2. Main recommendations

12. The Board's main recommendations are that the Administration:

Property write-offs

(a) **Review its policies on asset management with emphasis on the replacement of assets in a timely manner to avoid the risk of accumulation of ageing equipment at peacekeeping missions (para. 53 (d));**

(b) **Remedy the factors causing delays in the write-off and disposal process (para. 53 (a));**

Strategic deployment stocks

(c) **Take measures to address the factors hampering the acquisition and replenishment of the strategic deployment stocks (para. 78);**

(d) **Establish written agreements for all shipments already made from the strategic deployment stocks to United Nations system offices other than peacekeeping missions and check all transactions to ensure the proper recording thereof (para. 84 (a));**

(e) **Reach a decision on a formally approved method for the replenishment of strategic deployment stocks consistently by both peacekeeping missions and other United Nations entities, and develop standard operating procedures to be implemented in accordance with the approved methodology (para. 91 (a));**

Air operations

(f) **Continue its efforts to better formulate the budget to make it more reflective of actual air operations; and continue its initiatives to renegotiate air operations contracts with a view to paying only for flight hours utilized (para. 121);**

(g) **Ensure that staff members involved in air operations are adequately trained, as specified in the Air Operations Manual (para. 127);**

Procurement

(h) **Identify and evaluate the reasons for the excessive lead times in the procurement cycle and take measures to reduce these lead times to a reasonable level (para. 177);**

(i) **Compile assessments of progress and final performance of vendors and forward them to the Procurement Division in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations (para. 192);**

Human resources

(j) **Ensure that staff members occupy posts at the appropriate level or that the level of the post is re-evaluated, and that appropriate steps are taken to rectify the inconsistencies (para. 243);**

Training

(k) **Evaluate the effectiveness of training actions in order to assess whether they have met individual and organizational goals (para. 255).**

13. The Board's other recommendations appear in paragraphs 27, 32, 35, 53, 56, 58, 74, 81, 84, 91, 93, 97, 99, 105, 110, 115, 131, 134, 143, 148, 152, 156, 161, 163, 174, 181, 185, 188, 205, 209, 213, 216, 229, 234, 239, 248, 252, 259 and 268.

B. Financial issues

1. Financial overview

14. The Board performed a financial analysis of the United Nations peacekeeping operations as at 30 June 2003 to evaluate the financial position and the results of some key financial indicators, as set out in table II.1.

Table II.1
Ratios of key financial indicators

Description of ratio	*2000/2001*	*2001/2002*	*2002/2003*
Assessed contributions outstanding/total assets[a]	0.63	0.39	0.35
Cash/liability[b]	0.54	1.07	1.09
Debt owed to Member States/total liabilities[c]	0.32	0.26	0.27

[a] A low indicator depicts a healthy financial position.

[b] A high indicator reflects the extent of cash available to settle debts.

[c] A low indicator is a positive reflection that debts owed to Member States are being settled.

15. Total income for the year ended 30 June 2003 amounted to $2.70 billion (2001/02: $2.85 billion) while total expenditure amounted to $2.5 billion (2001/02: $2.57 billion). The financial position of the United Nations peacekeeping operations has remained fairly stable since the previous financial period. The total assessed contributions outstanding from Member States decreased by approximately 14 per cent, from $1.25 billion in 2001/02 to $1.08 billion for the financial period under review. The outstanding assessed contributions by Member States as at 30 June 2003 was reflective of an improvement from the prior year as it represents approximately 43 per cent of assessments made for the 2002/03 financial period (2001/02: 47 per cent); total assets amounted to $3.08 billion (2001/02: $3.23 billion).

16. The Board reviewed the ageing of outstanding assessed contributions from Member States, as at 30 June 2003, as reported in the status of contributions report of the Secretariat (ST/ADM/SER.B/606). The total amount outstanding for assessed contributions of $1 billion from Member States as per the status of contributions report differed by $76.8 million from the amount as disclosed in the financial statements for the period under review. As stated in note 4 to the financial statements, this is because the contributions report was printed too early in July to reflect any assessments or the application of credits returned to Member States that were approved by the General Assembly in late June. The reconciling items between the outstanding assessed contributions by Member States as per the financial statements and the status of contributions report were valid.

17. As indicated in the status of contributions report, an amount of $593.7 million of the total outstanding amount of $1 billion (59 per cent) has been outstanding for over one year; $182.9 million (31 per cent) of this amount related to active peacekeeping missions while the balance of $410.8 million related to completed missions. The ageing of unpaid assessments, with its varying uncertainty of recoverability, impacts on the Organization's ability to meet its financial obligations, especially since the United Nations did not make a provision for the possible non-collection of amounts owing from Member States. The outstanding amounts in respect of active missions are set out in table II.2.

Table II.2

Assessed contributions outstanding for longer than one year from Member States for active missions (status of contributions report ST/ADM/SER.B/606)

(United States dollars)

Active missions/special accounts	*Outstanding > 1 year*	*Total outstanding*
UNFICYP	5 831 463	15 590 713
1973 UNEF/UNDOF	2 577 062	16 312 280
UNIFIL	44 712 413	85 432 319
UNIKOM	1 813 311	9 506 929
MINURSO	31 828 552	49 809 649
UNMIBH	25 520 481	51 569 853
UNOMIG	679 158	9 440 846
UNAMSIL	17 000 140	130 580 958
UNMIK[a]	23 978 048	72 560 058
MONUC	7 342 986	79 843 950
UNAMET/UNTAET/UNMISET	15 822 431	97 473 752
UNMEE	5 800 497	41 114 163
Total	**182 906 542**	**659 235 470**

[a] Figures exclude amounts outstanding from the former Yugoslavia.

18. Assessed contributions valued at $410.8 million for completed missions have been outstanding for more than one year. Of this amount, $107.9 million in credits were available to Member States at financial year-end pending receipt of instructions from them. Therefore the total outstanding assessed contributions

outstanding for longer than one year in respect of completed missions was a net amount of $302.9 million.

19. Amounts payable to Member States amounted to $421.73 million for the financial year under review, compared to $421.15 million in 2001/02. Total liabilities at financial year-end amounted to $1.58 billion (2001/02: $1.62 billion) while available cash and term deposits as well as the cash pool as at 30 June 2003 amounted to $1.72 billion (2001/02: $1.73 billion). The Board expressed its concern in its previous report (A/57/5, vol. II, chap. II, para. 15) about the fact that the liabilities of individual completed missions are much higher than their net realizable assets (total assets less the contributions outstanding for longer than one year). The Administration informed the Board that it would endeavour to settle the outstanding liabilities of the missions in question to the extent possible, based on the availability of cash, which is dependent on Member States settling outstanding contributions.

20. The Board again notes that the financial position of completed missions as set out in table II.3 remained a matter of concern since there was a shortfall of cash to liabilities for 9 out of the 20 completed missions as indicated in bold below.

Table II.3
Key financial data of completed peacekeeping missions
(Thousands of United States dollars)

Mission	*End of mandate*	*(a)* *Available cash*	*(b)* *Total liabilities*	*(c)=(a)-(b)* *Excess/(shortfall) of cash to liabilities*
UNMOT	May 2000	8 352	3 080	5 272
MIPONUH	**March 2000**	**1 772**	**10 210**	**(8 438)**
MINURCA	**February 2000**	**277**	**28 036**	**(27 759)**
MONUA and UNAVEM	February 1999	62 059	28 261	33 798
UNPREDEP	February 1999	22 594	16 496	6 098
UNTAES	January 1998	35 840	21 647	14 193
UNOMIL	September 1997	13 514	4 483	9 031
UNPF	**June 1997**	**110 399**	**159 147**	**(48 748)**
MINUGUA	**May 1997**	**1**	**132**	**(131)**
UNMIH	June 1996	44 002	15 485	28 517
UNAMIR and UNOMUR	March 1996	28 836	8 500	20 336
ONUSAL	April 1995	7 095	3 838	3 257
ONUMOZ	**December 1994**	**607**	**2 096**	**(1 489)**
UNOSOM	**March 1995**	**1 894**	**22 717**	**(20 823)**
UNMLT	November 1994	225	111	114
UNTAC	**March 1994**	**805**	**42 686**	**(41 881)**
UNTAG	June 1991	38 512	19 497	19 015
UNIIMOG	June 1991	4 192	21	4 171
UNEF	**June 1967**	**0**	**40 822**	**(40 822)**
UNOC	**June 1964**	**0**	**46 633**	**(46 633)**
Total		**380 976**	**473 898**	**(92 922)**

21. Pursuant to paragraph 10 of General Assembly resolution 56/293 of 27 June 2002, the Secretary-General submitted a report (A/57/746) on 6 March 2003 to the General Assembly on the results of a study performed to consider the feasibility of consolidating the accounts of peacekeeping operations. The General Assembly in its resolution 57/319 of 18 June 2003 decided to defer consideration of this matter until the second part of its fifty-eighth session and requested the Secretary-General to provide a comprehensive report, taking into account the views expressed, questions raised and information requested by Member States at its fifty-seventh session, including a simulation of the options proposed.

22. The Board is of the view that the financial statements for peacekeeping operations reflect too many long-outstanding and unresolved issues. Resolution 57/319 provides the Administration with an opportunity to present to Member States various proposals for clearing these matters to whatever extent possible.

23. The total reserves and fund balances of peacekeeping operations as at 30 June 2003 amounted to $1.5 billion, as disclosed in statement II of the financial statements. A cumulative surplus of approximately $1.05 billion as at 30 June 2003 is included in these reserves. As disclosed in note 9 to the financial statements, the cumulative surplus included an amount of $84.4 million, representing credits to be returned to Member States in accordance with General Assembly resolution 57/323 of 18 June 2003, in which the Assembly decided to postpone the return of the remaining 50 per cent of net cash available in certain closed missions until 31 March 2004.

2. United Nations System Accounting Standards

24. The Board audited the extent to which the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2003 conformed to the United Nations System Accounting Standards. The financial statements were consistent with these standards.

3. Presentation of financial statements

25. In accordance with General Assembly resolution 55/220 A of 23 December 2000, on the information to be presented in financial statements, the Board continued to review the presentation of the financial statements. The Board was pleased to note that the Office of Programme Planning, Budget and Accounts continued to improve the presentation of the financial statements, as it had in the prior year.

26. Schedules on expenditures, which form part of the financial statements, reflected that in numerous instances the expenditures per group were higher or significantly lower than the corresponding appropriations. The Office of Programme Planning, Budget and Accounts has the authority to approve the redeployment of funds between expenditure groups. However, these final allotments, after redeployment measures were taken, were not disclosed in the financial statements since only the original appropriations approved by the General Assembly are presented. Similarly, the financial performance reports submitted by the Administration to the General Assembly for each peacekeeping mission reflected the original appropriations. The Board is therefore of the view that the financial statements could be improved by presenting both the original and the adjusted final appropriations.

27. **The Administration agreed with the Board's recommendation to present both the original and adjusted appropriations by group in the expenditure schedules in the financial statements to enhance their understandability and relevance to the users.**

4. Allotment procedures

28. The Administration implemented a new policy on allotments for peacekeeping missions during the financial period under review to increase flexibility. According to the new allotment procedures, the Chief Administrative Officer of a mission has full authority to redeploy funds among classes/groups within a category of expenditures, subject to certain conditions. Redeployment of funds among categories of expenditures required prior approval of the Office of Programme Planning, Budget and Accounts.

29. The new policy aims at enhancing the authority and responsibility of the Chief Administrative Officer of a mission regarding the management of financial resources. This increased flexibility would also allow the missions the means to prioritize resources according to the delivery of outputs and effectiveness in the accomplishments of their mandates. The new allotment procedure therefore essentially allows the mission to utilize available funding more effectively.

30. The majority (74 per cent) of the funds redeployed between classes within a group of expenditure was approved and recorded only in June 2003. This was an indication that the redeployment of funds was not continuously monitored and recorded throughout the period under review, contrary to the goals of the new allotment procedures. Table II.4 below reflects the redeployment of allotments within groups of expenditures for all peacekeeping missions.

31. The Administration informed the Board that the concentration of redeployments in June 2003 was due to recategorization of costs for rations and freight for contingent-owned equipment from Group III (operational costs), to Group I (military and police personnel). This recategorization accounted for approximately $84.3 million (90 per cent) of the total June 2003 redeployment amounting to $93.7 million.

Table II.4
Monthly redeployment of allotments at peacekeeping missions

Month	*Total of redeployments of allotments (United States dollars)*	*Percentage*
July 2002	-	0
August 2002	6 800	0
September 2002	5 716 000	4.5
October 2002	2 030 000	2
November 2002	4 000 000	3
December 2002	4 478 000	3.5
January 2003	-	0
February 2003	200 000	0
March 2003	900	0
April 2003	9 670 800	8
May 2003	6 076 000	5
June 2003	93 693 938	74
Total	**125 872 438**	**100**

32. **The Board recommends that the Administration monitor the redeployment of allotments continuously throughout the year to ensure that resources are prioritized according to the efficient delivery of outputs and effectiveness in the accomplishment of the mandates.**

33. A Funds Monitoring Tool (FMT) was developed during the financial year under review to assist peacekeeping missions with the implementation of the new policy on allotments. The goal of this tool is to enhance fiscal information access in order to support improved strategic management decisions. The FMT integrated data from three systems (IMIS, SunSystem and Mercury) into one centralized data warehouse, produced reports, enabled forecasting, and delivered near-real time numeric and graphical representations of all peacekeeping funds. This tool was launched in November 2002 at a training workshop held in Brindisi at which one or more of the senior finance officers were present from all peacekeeping missions. Although other staff can benefit from using FMT, only minimal additional training has been provided to facilitate this.

34. The impact of the new allotment procedures and the implementation of the FMT could not be evaluated in the absence of established indicators for measurement. In addition, the frequency of the utilization of the FMT by registered users could not be determined, as no management reports were available in this regard. The Administration also did not have procedures to regularly test the accuracy of data on the FMT to ensure reliability; nor did it have procedures to obtain feedback from users to enable timely addressing of any problems.

35. **The Board recommends that the Administration:**

(a) **Perform continuous monitoring of the accuracy of data on the Funds Monitoring Tool (FMT) to ensure the continued reliance by users;**

(b) Continue to increase the number of personnel to be trained in the use of FMT, with special focus on certifying officers at the mission level;

(c) Monitor the frequency of use of the FMT by registered users and address instances where the system is not used effectively;

(d) Obtain feedback on problems experienced by users of the FMT and address these problems accordingly; and

(e) Establish indicators for peacekeeping operations against which the performance of the missions can be measured in terms of impact of the revised allotment procedures and the FMT.

36. The Administration informed the Board that a global survey would be prepared to assess the impact of FMT in funds management at the mission level. Furthermore, the Administration would develop reports to measure the frequency of use of the FMT. The usage reports of FMT were undergoing quality control testing and would be implemented by 31 December 2003. Additional training would be given to staff with delegated certifying authority both at Headquarters and especially at the missions. In addition, the establishment of indicators against which the financial performance of missions could be measured would also be addressed.

5. Peacekeeping Reserve Fund

37. The Board followed up on the high level of the Peacekeeping Reserve Fund since it reported on this matter in its previous report (A/57/5, vol. II, chap. II, para. 19). The level of the Peacekeeping Reserve Fund as at 30 June 2003 was $194.3 million (30 June 2002: $197.4 million), approximately $44.3 million higher than the approved level of $150 million. The excess amount represented accrued interest income. The General Assembly subsequently approved the transfer of $33.3 million of the excess in the period from 1 July 2003 to 30 June 2004, leaving an excess balance of approximately $11 million.

38. The Administration, pursuant to General Assembly resolution 57/317 of 18 June 2003, has reviewed the level and purpose of the Reserve Fund, taking into account the full establishment of the strategic deployment stocks and the pre-mandate commitment authority. The Secretary-General's report in response to the resolution would be submitted to the General Assembly for consideration at its resumed fifty-eighth session.

6. Contingent liabilities

39. The Board followed up on the disclosure of valid liabilities included in contingent liabilities in the financial statements of the United Nations peacekeeping operations, which it reported on in its previous report (A/57/5, vol. II, chap. II, para. 23). Previously, the Administration had included in its contingent liabilities $10.1 million in respect of claims verified as valid liabilities related to services provided by Governments to the United Nations Observer Mission in Angola and the United Nations Angola Verification Mission. The Board commends the Administration for having cleared outstanding amounts as at 30 June 2003.

7. Liabilities for end-of-service and post-retirement benefits

40. Note 12 to the financial statements confirms that peacekeeping operations did not include in its liabilities, a provision for after-service benefits. These costs were budgeted for in the regular budget and in peacekeeping operations and reported as current expenditures in each financial period.

8. Peacekeeping trust funds

41. The Board reviewed the peacekeeping activities financed by 31 trust funds as disclosed in annex II to the financial statements. The Board also took note of the work carried out by the Office of Internal Oversight Services on trust funds, as reported in document A/58/613. Trust fund income and expenditure amounted to $14.2 million and $91.8 million, respectively. The balance of the trust funds as at 30 June 2003 was $92.2 million (30 June 2002: $169.9 million).

42. The Board followed up on the closure of the inactive Trust Fund to Support the Multinational Force Deployed in East Timor and the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities, which it reported on in its previous report (A/57/5, vol. II, chap. II, para. 27). The Board commends the Administration on the significant progress made to close the Trust Fund to Support the Multinational Force Deployed in East Timor as the balance was reduced from $77.4 million at 30 June 2002 to $6.5 million at 30 June 2003.

43. Less progress was made with the closure of the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities with a balance of $42.3 million as at 30 June 2003 (30 June 2002: $40.7 million). The increase in the balance from the prior year represented accrued interest. This balance represented 46 per cent of the total balance of reserves and trust funds of $92.2 million as at 30 June 2003.

44. The Administration noted that the collaboration of Member States that made contributions to the two trust funds would be needed to make significant progress in this regard. In its continuing efforts to close the inactive Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities, the Administration established contact with the relevant Member State but was awaiting a formal reply.

45. **The Board encourages the Administration to continue to take all appropriate measures to close the inactive Trust Funds.**

9. Non-expendable equipment

Differences in opening balances

46. The Board previously reported (A/57/5, vol. II, chap. II, para. 29) on the material differences between the closing balances of non-expendable equipment in one period and the opening balances in the subsequent period. The Administration took steps to address the differences in the closing balances for the period ended 30 June 2002 and the opening balances as at 1 July 2002. The differences were again recorded as reconciling entries in a column in the non-expendable inventory reports as at 30 June 2003. The Board commends the Administration for limiting the reconciling entries to some $1.9 million as at 30 June 2003 (30 June 2002: $7.2 million).

Overview of movements in non-expendable equipment

47. Non-expendable equipment decreased by 6 per cent, from $801.7 million at 30 June 2002 to $755.7 million at 30 June 2003. The movement of non-expendable equipment during the financial period under review is set out in table II.5.

Table II.5
Non-expendable equipment

(Thousands of United States dollars)

	(a)	*(b)*		*(c)*		*(d)*	*e=(a)+(b)-(c) +/-(d)*
		Acquisitions		*Disposals*			
Mission	*Opening balance*	*Procured*	*Transfers*[b]	*Transfers*[b]	*Written-off*	*Adjustments*	*Closing balance*
UNMIBH	59 333	435	73	(28 359)	(31 196)	(286)	-
MINURSO	25 949	751	3 444	0	(3 008)	1	27 137
MONUC	101 467	23 862	12 458	(438)	(675)	70	136 744
UNAMSIL	68 018	3 738	1 480	(83)	(1 244)	(261)	71 648
UNDOF	34 248	1 229	5 752	0	(4 347)	(779)	36 103
UNFICYP	12 662	1 359	1 902	(9)	(766)	35	15 183
UNIFIL	130 513	1 422	318	(7 943)	(22 246)	34	102 098
UNIKOM	23 580	2 042	1 028	(266)	(3 054)	6	23 336
UNMEE	34 203	6 106	7 114	(248)	(22)	(5)	47 148
UNMIK	133 415	2 439	3 852	(2 505)	(616)	(1 547)	135 038
UNMISET	12 324	600	40 632	(709)	(1 076)	678	52 449
UNTAET	55 012	0	0	(43 509)	(11 563)	598	538
UNOMIG	17 385	1 460	3 306	(1 063)	(2 119)	(26)	18 943
UNLB	93 651	14 388	5 706	(47 129)	(17 127)	(449)	49 040
SDS		23 324	18 638	(1 648)	0	0	40 314
Total[a]	**801 760**	**83 155**	**105 703**	**(133 909)**	**(99 059)**	**(1 931)**	**755 719**

[a] The opening and closing balances differ immaterially from the respective balances in note 11 to the financial statements due to rounding of balances.

[b] Transfers include equipment transferred to non-peacekeeping entities.

48. There has been a steady accumulation of ageing equipment in many missions over the past few years. The Logistics Support Division of the Department of Peacekeeping Operations requested missions to initiate write-off actions for obsolete or unserviceable property on a continuous and timely manner and the decrease in the value of non-expendable equipment as at 30 June 2003 was a direct result of these actions.

Equipment written off or pending write-off

49. Table II.6 reflects inventory valued at approximately $99 million (based on original costs), covering 12 missions as well as the United Nations Logistics Base, written off in the financial period ended 30 June 2003. This represented an increase

of 234 per cent as compared with $29.6 million written off in the financial period ended 30 June 2002. The majority of the items written off by 30 June 2003 had already been pending write-off as at 30 June 2002. Table II.6 also reflects the value of property that was pending write-off and disposal as at 30 June 2002, amounting to $75.7 million (2000/01: $33.4 million).

Table II.6

Property written off as at 30 June 2003 and new write-offs in 2002/03

(United States dollars)

Mission	*(a)* Inventory value written-off 30 June 2003	*(b)* Property pending write-off and disposal 30 June 2002	*(c)=(a)-(b)* Difference (represents minimum value of write-offs)
UNMIBH	31 195 700	497 000	30 698 700
MINURSO	3 007 571	4 946 513	(1 938 942)
MONUC	675 444	573 938	101 506
UNAMSIL	1 244 479	1 603 225	(358 746)
UNDOF	4 347 001	3 420 048	926 953
UNFICYP	766 024	1 220 947	(454 923)
UNIFIL	22 245 990	28 376 895	(6 130 905)
UNIKOM	3 054 485	442 210	2 612 275
UNMEE	21 990	395 877	(373 887)
UNMIK	616 114	2 069 045	(1 452 931)
UNMISET	1 075 680	3 500	1 072 180
UNTAET	11 562 962	10 061 137	1 501 825
UNOMIG	2 119 153	1 623 214	495 939
UNLB	17 127 223	20 435 642	(3 308 419)
Total	**99 059 816**	**75 669 191**	**23 390 625**

50. Table II.7 provides a breakdown of equipment pending write-off and disposal as at 30 June 2003, which amounted to $43.1 million (30 June 2002: $75.7 million).

Table II.7
Property pending write-off and disposal as at 30 June 2003

(United States dollars)

Mission	*Total pending write-off and disposal*	*Pending approval*	*Approved/pending disposal*
UNMIK	2 598 210	2 000 924	597 286
UNOMIG	970 643	879 430	91 213
MONUC	1 659 947	1 029 646	630 301
UNMEE	446 160	216 362	229 798
UNFICYP	1 135 713	708 788	426 925
MINURSO	5 136 573	220 556	4 916 017
UNAMSIL	2 956 422	1 507 780	1 448 642
UNIKOM	1 769 643	615 320	1 154 323
UNIFIL	10 875 491	1 821 764	9 053 727
UNTAET	301 468	41 683	259 785
UNMISET	599 910	435 620	164 290
UNDOF	2 905 323	431 365	2 473 958
Strategic deployment stocks	4 500	4 500	-
UNLB	11 703 878	752 369	10 951 509
Total	**43 063 881**	**10 666 107**	**32 397 774**

51. As reported in the Board's previous report (A/57/5, vol. II, chap. II, para. 35), the Administration was to review the delay in the write-off process. The Board followed up on the progress made and noted that this review was still in the process at the time of the audit. This review was part of the implementation of the GALILEO system, which replaced the Field Assets Control System (FACS). Significant delays still existed as reflected in tables II.6 and II.7 above.

52. Some further observations with regard to non-expendable equipment write-offs are listed below:

(a) UNMIK provided a "Trunking Radio system" to the Kosovo Police Service in year 2000, which has been purchased by the Department of Peacekeeping Operations at a cost of $7,231,230. One third of the equipment remained in stock ($2.5 million, with a residual value of $1.3 million in September 2003);

(b) Discrepancies were noted in the previous year between non-expendable equipment pending write-off and disposal and the Property Survey Board activity report at the United Nations Mission in Ethiopia and Eritrea (UNMEE). There was no or little improvement. The values as indicated on the annexes differed by $14,039;

(c) At the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), there was still a backlog with the disposal of non-expendable property written off. MONUC was in the process of addressing this backlog;

(d) The process of allocation of unique identification numbers to property items at the United Nations Disengagement Observer Force (UNDOF) was still ongoing. Only 51 per cent of the items previously reported on have been bar-coded and UNDOF indicated that write-off procedures would be initiated for those items considered unserviceable;

(e) Redundant items awaiting disposal were not properly stored and protected from natural elements at the United Nations Interim Force in Lebanon (UNIFIL), which could result in the decrease of any potential disposal income to be obtained on disposal thereof;

(f) In paragraph 33 (c) of the previous report (A/57/5, vol. II, chap. II), the Board had reported that the United Nations Logistics Base (UNLB) introduced a weekly monitoring system to communicate discrepancies noted in inventory records. Although UNLB implemented control measures for monitoring on a weekly basis the disposal of items identified for write-off, certain items written off remained recorded on the disposal system for more than one year;

(g) At the United Nations Observer Mission in Georgia (UNOMIG), the average time frame from the write-off to the sale and disposal of a sample of 30 items valued at $1.01 million took 270 days. In addition, write-off cases originating from previous financial periods to the value of $34,339 were still pending disposal at the time of the audit.

53. **The Board recommends that the Administration:**

(a) Remedy the factors causing delays in the write-off and disposal process;

(b) Continue to identify obsolete and unserviceable property that is no longer useful for possible write-off action;

(c) Hand over outstanding "radio system" equipment to the Kosovo Government, with compensation in accordance with financial regulation 5.14;

(d) Review its policies on asset management with emphasis on the replacement of assets in a timely manner to avoid the accumulation of ageing equipment at peacekeeping missions; and

(e) Ensure that disposals are undertaken in the best financial interest of the United Nations.

54. Concerning the delays in the write-off and disposal process, the Department of Peacekeeping Operations informed the Board that it has recently introduced an inventory report to be submitted quarterly by all peacekeeping missions to ensure that all issues pertinent to the write-off and disposal process are addressed in a timely manner. Furthermore, the Department would remind all peacekeeping missions to ensure that their assets replacement programmes are strictly in compliance with the existing guidelines on life expectancy of assets. The Department of Peacekeeping Operations has developed and issued a revised Liquidation Manual, which incorporates the guidelines on the disposal methods in conformity with the revised Financial Regulations and Rules of the United Nations.

10. Accounts payable

55. As in its previous report (A/57/5, vol. II, chap. II, para. 36), the Board again noted a number (25 out of 61 cases selected) of accounts payable with no movement during the financial year, amounting to $66.8 million. The cases indicated in table II.8 represent valid payables, but in most of them sufficient cash was not available to permit payment. The Administration made efforts to follow up on outstanding assessed contributions to enable them to fund these payables.

Table II.8
Long outstanding accounts payable as at 30 June 2003

Mission/creditor country	*Document number*	*Approximate period outstanding (months)*	*Amount unpaid as at 30 June 2003 (United States dollars)*
UNTAC			
Country 1	PYIN 180443	60	3 712 697
Country 2	PYIN 181187	60	4 567 968
Country 3	PYIN 181193	60	2 256 539
Country 4	PYIN 180912	84	4 255 219
Country 5	JNVL-127680	96	5 857 726
Country 6	PYIN 181391	48	3 875 723
			24 525 872
UNPF			
Country 2	JNLV-115648	66	3 114 986
Country 6	JNLV-115648	66	2 062 323
Country 3	JNLV-115648	66	6 147 688
Country 5	JV-4-45-11176	108	3 277 493
			14 602 490
UNEF			
Country 7	JNLV-6480	186	6 950 739
Country 8	JNLV-6480	186	3 478 388
Country 9	JNLV-6480	186	5 097 608
			15 526 735
UNMIH			
Country 5	PYIN 1254	84	178 068
Country 5	PYIN 8169	84	162 014
Country 5	PYIN 9294	84	394 130
Country 5	PYIN 9299	84	161 263
Country 5	JV 6-45-03039	72	1 382 220
			2 277 695

Mission/creditor country	*Document number*	*Approximate period outstanding (months)*	*Amount unpaid as at 30 June 2003 (United States dollars)*
UNPREDEP			
Country 3	JNLV-115780 JNLV-128448 PYRA-33336	42	**4 284 257**
MINURCA			
Country 10	PYIN 126208	24	1 178 523
Country 2	PYIN 132285	20	570 334
Country 2	PYIN 132288	20	203 829
Country 2	PYIN 132927	20	311 650
Country 2	PYIN 132980	20	916 463
			3 180 799
ONUC			
Country 5	JNLV-6491	324	**2 377 852**
Total			**66 775 700**

56. **The Board recommends that the Administration continue its efforts to search for avenues to settle amounts owed to Member States that have remained unpaid for long periods of time, in the context of its review of the feasibility of consolidating the accounts of peacekeeping operations.**

11. Accounts receivable

57. Accounts receivable primarily consists of receivables from Member States ($139.7 million) and other accounts receivable from vendors and military and civilian staff ($21.5 million). Certain accounts receivable at missions have been outstanding for long periods of time. Furthermore, there have been delays in the recovery of accounts receivable at most missions; the Department of Peacekeeping Operations sent a reminder to all missions in September 2003.

58. **The Board recommends that the Administration ensure that missions improve the management of long-outstanding accounts receivable.**

59. The Department of Peacekeeping Operations informed the Board that the missions have been requested to exercise special care when clearing the Personnel Payroll Clearance Action (P.35) for local staff members and "Checkout" forms for international staff members, civilian police monitors and military personnel in order to ensure that all advances and any outstanding accounts are recovered prior to their departure from the missions.

60. In its previous report (A/57/5, vol. II, chap. II, para. 45), the Board recommended that the Administration continue to pursue tax refunds with the authorities. This matter remains unresolved and the Administration indicated that it would continue to pursue it while reflecting these amounts in accounts receivable.

12. Voluntary contributions receivable

61. The Board reported in paragraph 42 of its previous report (A/57/5, vol. II, chap. II) that $6.4 million of the total amount outstanding for voluntary contributions receivables related to the United Nations Peacekeeping Force in Cyprus (UNFICYP) and had been outstanding for more than eight years.

62. The above-mentioned balance of $6.4 million remained unpaid and represented 17 per cent of the total amount of $37.6 million of voluntary contributions receivable as at 30 June 2003.

63. In addition, cumulative obligations in the amount of $188.9 million, payable by UNFICYP to Member States, were not included as liabilities. As disclosed in note 3 (d) (ii) to the financial statements, the amount was due to the fact that prior to 16 June 1993, the Secretary-General was not authorized to utilize any funds other than the voluntary contributions pledged by Member States for the financing of UNFICYP and the recording of obligations was limited to the availability of funds in the special accounts through voluntary contributions.

64. The Administration has sent letters to the seven Member States involved with UNFICYP prior to 15 June 1993, requesting their concurrence to write off claims payable for their participation in UNFICYP for the period from May 1982 to June 1993. Four Member States had indicated their unwillingness to forego outstanding amounts owed to them, but with no indication as to the action to be taken in respect of voluntary contributions receivable from them. Responses from the three other Member States were pending at the time of the audit.

65. **The Board encourages the Administration to continue its efforts to resolve the long-outstanding voluntary contributions receivable of UNFICYP as well as the related long-outstanding unrecorded liabilities. The Administration could also consider making proposals to the General Assembly on resolving this matter.**

13. Write-off of losses of cash, receivables and property

66. The Administration informed the Board that property losses of $6.7 million (2001/02: $3.8 million) were written off during 2002/03 in accordance with financial rule 106.9. In addition, losses amounting to $341,803 (2001/02: $189,942) were written off in respect of unrecoverable accounts receivable, cash losses and personal telephone bills for the period under review in accordance with financial rule 106.8.

C. Management issues

1. Strategic deployment stocks

Concept of strategic deployment stocks

67. In its report (A/55/305-S/2000/809), the Panel on United Nations Peace Operations recommended the development of a capability for the rapid deployment of peacekeeping missions within 30 days (for a traditional mission) and 90 days (for a complex mission). In its resolution 56/292 of 27 June 2002, the General Assembly endorsed the concept and implementation of the strategic deployment stocks for one complex mission and approved an amount of approximately $141.5 million for this purpose.

68. A material strategic deployment stock reserve with key items such as vehicles, communications and engineering equipment, accommodations and ablution units, was in the process of being established at UNLB at the time of the audit. Strategic deployment stocks comprise both expendable and non-expendable equipment. The approved funding for strategic deployment stocks also includes the costs of freight, personnel and information technology. In general, the intention was that strategic deployment stocks should consist of equipment that is new and has its full service-life expectancy, except for long-life equipment that is considered as good as new after reconditioning.

Financing and the financial position of strategic deployment stocks at 30 June 2003

69. In its resolution 56/292 the General Assembly stated that the financing of the strategic deployment stocks would be funded from transfers of some $96 million from the United Nations Protection Force, the United Nations Preventive Deployment Force and the United Nations Peace Forces (UNPF) and the remaining $45.6 million from the United Nations Mission in Haiti (UNMIH).

70. Member States were credited with their respective share of the cash balances in UNPF and UNMIH. An amount of $80.5 million was transferred directly to UNLB from UNPF and UNMIH, representing the credits of Member States that chose that option. Member States that did not choose to have their apportionment of funds transferred directly to UNLB were assessed for a total of $46.9 million in respect of their share of the contributions for strategic deployment stocks.

71. As at 30 June 2003, an amount of $38.5 million was still outstanding in respect of these assessments. An amount of $24.9 million was received from one Member State in October 2003, leaving the outstanding amount at $13.6 million.

72. In addition, as authorized by the General Assembly, $14.1 million in interest income from the Peacekeeping Reserve Fund was transferred to the strategic deployment stocks.

73. The total amount of $141.5 million to fund the strategic deployment stocks was not available, which impacted on the progress made to fully establish the strategic deployment stocks programme. The Board noted that the Administration followed up on the matter and that it had also sent reminders to the Member States.

74. **The Administration agreed with the Board's recommendation that the full amount of outstanding special assessed contributions needed to be recovered in order to sufficiently fund the strategic deployment stocks programme.**

75. As at 30 June 2003, an amount of $88.9 million was incurred as expenditure for strategic deployment stocks, leaving an unencumbered balance of $52.6 million. The actual value of non-expendable strategic deployment stocks at 30 June 2003 amounted to approximately $40.3 million, which formed part of the total expenditure of $88.9 million, of which $35.7 million had been disbursed at year-end. The breakdown of expenditure of $88.9 million is reflected in the table below.

Table II.9

Breakdown of strategic deployment stocks expenditure as at 30 June 2003

(United States dollars)

Programme	*Unliquidated obligation*	*Disbursement*	*Total*
General temporary assistance	0	1 014 762	1 014 762
Facilities and infrastructure	20 388 376	14 348 725	34 737 101
Ground transportation	5 745 564	5 147 917	10 893 481
Communications	21 719 220	6 636 701	28 355 921
Information technology	4 154 144	6 595 984	10 750 128
Medical	195 761	0	195 761
Miscellaneous	1 047 517	1 907 509	2 955 026
Total	**53 250 582**	**35 651 598**	**88 902 180**

76. The key goal, namely to achieve the capability to support rapid deployment of a "complex" mission before 1 July 2003, was accordingly not met at that date although, in his report of 12 March 2003 (A/57/751), the Secretary-General had indicated that it was projected that the approved resources will be fully applied by 30 June 2003.

77. According to the Logistics Support Division in the Department of Peacekeeping Operations, as well as the Procurement Division in the Department of Management, the main reasons for the high level of unencumbered balances on 30 June 2003 were due to the following factors:

(a) Procurement Division did not have the capacity to handle the material increase in workload;

(b) Although funds had been provided for the temporary appointment of two officers to assist with the workload, these appointments were not made at the time of the audit (October 2003);

(c) Previous system contracts had to be renegotiated as the maximum amounts of these contracts had already been reached;

(d) Certain contracts came to an end in the same period when the strategic deployment stocks was ordered and the process of rebidding new contracts had a direct impact on the procurement of strategic deployment stocks;

(e) There were unforeseen difficulties to furnish three new warehouses at UNLB and unexpected problems in the selection of vendors for humidity-controlled shelters required for the storing of vehicles.

78. **The Department of Peacekeeping Operations agreed with the Board's recommendation that it, in conjunction with the Procurement Division, take measures to address the factors hampering the acquisition and replenishment of the strategic deployment stocks.**

Deployment to new missions

79. Strategic deployment stocks of $19 million were shipped from UNLB to the new United Nations Mission in Liberia (UNMIL) during September 2003. UNMIL was responsible for funding the replenishment of the strategic deployment stocks to UNLB. Although UNMIL had a pre-mandate commitment authority of approximately $47 million, this amount did not provide for the replenishment of the strategic deployment stocks. The Board noted that the existing pre-mandate commitment authority process did not allow for the inclusion of replenishment of the strategic deployment stocks. Therefore, replenishment of the strategic deployment stocks by UNMIL would be possible only at the time when funds would be made available to the new mission. In the case of UNMIL, it was expected that the budget for the mission would not be approved until the end of 2003. Accordingly, the key goal to have a reserve for the rapid deployment of a complex mission could not be achieved.

80. The Board is of the view that in order to shorten the lead time between the shipment of strategic deployment stocks and the replenishment thereof, the commitment authority process would be worth reviewing, including consideration of two alternatives: (a) in cases where the budget of a new mission has not yet been finalized, the commitment authority proposal to the Advisory Committee on Administrative and Budgetary Questions should include the provision to replenish the strategic deployment stocks reserve; and (b) alternatively, the Department of Peacekeeping Operations could request a separate commitment authority for replenishing the strategic deployment stocks reserve during an interim period until the new mission budget is approved. This would assist in shortening the lead time between the shipment of strategic deployment stocks and their replenishment.

81. **The Administration agreed with the Board's recommendation to consider the timely funding and replenishment of strategic deployment stocks reserves to newly established missions.**

Strategic deployment stocks issued

82. During the 2002/03 financial year, UNLB issued strategic deployment stocks with a replacement value of $3 million to the following missions and agencies:

Table II.10

Strategic deployment stocks issued from UNLB during the period from 1 July 2002 to 30 June 2003[a]

(United States dollars)

Mission/agency	*UNLB value (at historical purchase price)*	*Replacement value*
UNMOVIC	893 530	1 033 499
UNOHCI	62 880	110 384
UNAMA	478 406	805 969
MINUCI	250 631	289 423
OSRSGI	356 577	543 810
UNIKOM	2 400	2 400
UNMA	62 351	28 125
UNMIK	322 409	188 000
Total	**2 429 184**	**3 001 610**

[a] Figures include both expendable and non-expendable equipment. Only stock where the receipt and inspection function had been completed are included.

83. These stock issues were not recorded in IMIS at the time of transfer to enable the Peacekeeping Accounts Section to raise the related accounts receivable of the above-mentioned missions and agencies. Therefore, these transactions were subsequently recorded only at year-end by journal entries. The supporting documentation for these journal entries was an Excel spreadsheet by the Logistics Support Division of all strategic deployment stock shipments made by UNLB. At the time of the audit, no formal agreements were drawn up between UNLB and the receiving mission or agency of the strategic deployment stocks. Furthermore, the shipments could not all be properly traced to the UNLB database.

84. **The Administration agreed with the Board's recommendation that it:**

(a) **Establish written agreements for all shipments already made from the strategic deployment stocks to United Nations system offices other than peacekeeping missions and check all transactions to ensure the proper recording thereof;**

(b) **Record all shipments from strategic deployment stocks in IMIS simultaneously with the transfer thereof and reconcile the UNLB database with IMIS data on a periodic basis; and**

(c) **Submit the reconciliations to the Accounts Division also indicating replacement values to ensure the capturing of all amounts owed to the strategic deployment stocks reserve before the closing of the accounts at the end of the financial period.**

85. The Department of Peacekeeping Operations subsequently informed the Board that a written agreement had been concluded with UNMOVIC, which was the only operation outside the responsibility of the Office of Mission Support that benefited from the strategic deployment stocks. The Department would ensure that all issues of items from the strategic deployment stocks are properly recorded.

Replenishment of strategic deployment stocks

86. According to the report of the Secretary-General (A/56/870), all stock issues from strategic deployment stocks should be immediately replenished. The budgets of receiving missions must provide for the purchase of replacement commodities as well as the cost of shipment from the provider to UNLB. However, the Board noted that for the stocks issued before 30 June 2003, there were different methods applied to replenish the strategic deployment stocks. In some instances, the funds were transferred from the receiving missions to United Nations Headquarters and the stock was ordered by Headquarters; in other instances the receiving mission or agency ordered the stock and had it delivered directly to UNLB; in other cases the funds were transferred to UNLB from where the orders were placed; and in certain cases the "billing" option or inter-office voucher was used. These different methods complicated the replenishment process and resulted in undue waiting periods before stock was replenished.

87. Out of the $3 million worth of strategic deployment stocks that had to be replenished at 30 June 2003, an amount of approximately $1.5 million (50 per cent) had already been ordered, of which only $311,460 (10 per cent of total replacement value) had actually been replenished by 30 June 2003.

88. In order to simplify the process of replenishment, the Accounts Division subsequently proposed the establishment of a standard approach, namely the "Fund-approach", where a separate fund ("BLB" fund) was created to record all future strategic deployment stocks transactions. This approach would result in raising the income and accounts receivable immediately after shipment of the strategic deployment stocks, while the mission would raise a corresponding payable to the "BLB" fund.

89. In cases in which stock was issued to United Nations system offices, other than peacekeeping missions, the Administration envisaged that the same method as for peacekeeping missions would be applied. However, there was uncertainty regarding the timing of raising the requisition since funds would not be immediately available. An account receivable would therefore be raised to the value of replacement cost and these funds would possibly have to be recovered before the replenishment stock could be procured. The Administration informed the Board that procedures for external transfers have not yet been finalized.

90. Replacement values were determined by the Logistical Support Division to replenish the strategic deployment stocks by obtaining the expected replacement values of commodities from sources such as system contracts, market estimates, and knowledge from past experience. There is a risk that actual costs differed from the estimated replacement cost, resulting in the need for numerous adjustment journal entries, which could be a time-consuming exercise.

91. **The Administration agreed with the Board's recommendation that it:**

(a) **Reach a decision on a formally approved method for the replenishment of strategic deployment stocks consistently by both peacekeeping missions and other United Nations entities, and develop standard operating procedures to be implemented in accordance with the approved methodology;**

(b) Include the determination of replacement cost in the policy in order for missions to properly monitor their budgets, and raise the obligation for replenishment as well as minimize unnecessary accounting adjustments;

(c) Consider including in the replenishment policy an acceptable variation level between replacement value and actual cost, whereby differences within this accepted variation level could be absorbed by the UNLB budget as a gain or loss to avoid costly administration resulting from adjustments having to be entered for immaterial differences;

(d) Properly record all transactions in the Integrated Management Information System (IMIS) to be reconciled at the close of the financial period;

(e) Establish written agreements for all future transfers stipulating payment arrangements, including the process to be followed when there are significant differences between replacement values and actual costs, for all future issues of strategic deployment stocks to non-peacekeeping missions and other United Nations agencies; and

(f) Shorten the lead time between shipment of strategic deployment stocks commodities and replenishment of these commodities to UNLB.

Shipment and freight costs

92. In paragraph 27 of his report (A/56/870), the Secretary-General stated that "The cost associated with the preparations for storage and shipment of strategic deployment stocks commodities, as part of replacement or rotation actions, will be met through the UNLB budget." However, in practice, missions receiving strategic deployment stocks were responsible for shipment or freight costs of strategic deployment stocks to the mission from UNLB as well as the cost of shipment from the provider to UNLB.

93. **The Administration agreed with the Board's recommendation that it:**

(a) Clarify the responsibility for the payment of shipment costs for strategic deployment stocks; and

(b) Determine whether it would be more effective for UNLB to centrally budget for freight costs for strategic deployment stocks rather than have individual missions budget for these costs, since UNLB is financed through a charge to individual peacekeeping missions.

94. The Department of Peacekeeping Operations informed the Board that it considered that a case exists for UNLB to budget for shipping costs of equipment identified for the routine rotation from strategic deployment stocks to missions. The Office of Mission Support was in the process of constituting a special project team in the Logistics Support Division to refine and further develop policies to guide the management of the strategic deployment stocks.

Rotation of strategic deployment stocks

95. In order to keep strategic deployment stocks current and serviceable, certain items should be rotated to other missions to prevent these from becoming obsolete. The Logistics Support Division was responsible for promulgating strategic deployment stocks rotation policies and procedures.

96. All functional logistics sections had strategic deployment stocks rotation policies in place since 1 July 2003. However, these policies were not formally promulgated. The Department of Peacekeeping Operations stated that the maximum commodities level had been determined by the General Assembly and Logistics Support Division had established the minimum critical levels. The strategic deployment stocks levels are the minimum levels that should be maintained. However, the minimum critical levels established by the Logistics Support Division are an indicator that urgent measures should be taken to replenish the strategic deployment stocks reserves. The initial accumulation and storage of strategic deployment stocks began in September 2002 and certain items were therefore in stock for almost a year, without any rotation performed due to the non-existence of a rotation policy.

97. **The Administration agreed with the Board's recommendation that it:**

(a) **Promulgate the policies and procedures regarding the rotation of strategic deployment stocks; and**

(b) **Include in its procedures steps to be taken to expedite the replenishment of strategic deployment stocks that have reached minimum critical levels.**

Integration of strategic deployment stocks administration and management

98. Although various different bodies were responsible for the implementation of the strategic deployment stocks concept, a strategic deployment stocks Steering Group was established only in July 2003 to coordinate efforts. This Steering Group consisted of representatives from the Logistics Support Division services and UNLB and it was envisaged that representatives from other departments would be invited to attend the meetings only when topics in which they have an interest were discussed. Since its establishment, the Steering Group has been meeting monthly but representatives from other departments have not yet been involved in any of these meetings, although matters discussed would involve various elements of the strategic deployment stocks process in these initial stages.

99. **The Administration agreed with the Board's recommendation to continue to have a strategic deployment stocks Steering Group to discuss all matters related to strategic deployment stocks represented by all departments that could play a role in the successful implementation of the strategic deployment stocks concept.**

2. Results-based budgeting

100. As reported in paragraph 72 of the Board's previous report (A/57/5, vol. II, chap. II), the General Assembly in its resolution 55/220 C of 14 June 2001 requested the Board to monitor the process of objective-setting by missions and the measurement of the use of those objectives, whether effective or otherwise, and to report thereon to the Assembly in its annual audit report on the financial statements of peacekeeping missions. The Board again reviewed the process and followed up on the implementation of recommendations made in the previous year. In general, the Board noted that while significant progress had been made, there was still room for improvement in certain areas as reported below.

101. The budget for the 2003/04 financial year was the first budget that fully reflected the results-based budgeting concepts. During July 2002, a workshop on results-based budgeting was organized by the Office of Programme Planning, Budget and Accounts and the Department of Peacekeeping Operations. Key personnel from the missions attended the workshop as well as the Office and the Department.

102. A follow-up workshop was held on results-based budgeting in July 2003 in Cyprus. Missions were instructed beforehand to compile strategic planning assumptions and these were discussed at the workshop and translated into the draft results-based budgeting framework. All relevant staff from the missions, which included administrative and substantive staff as well as staff from the Department of Peacekeeping Operations and the Department of Management attended the workshop that participants evaluated as a success.

Mechanisms for accountability

103. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 79) that all missions have a system for management authority and responsibility, including the performance appraisal system, for the performance measurement required by results-based budgeting. The Administration had responded that the performance appraisal system was further developed, a grading policy was established and was working effectively.

104. The Board noted during visits to the missions that there was still no alignment between the performance appraisal system and the results-based budgeting and that no guidelines were in place to address this issue. Furthermore, specific targets were not set and monitored for each staff member in their job descriptions and performance agreements to ensure that the expected accomplishments were achieved.

105. **The Administration agreed with the Board's recommendation to develop and promulgate guidelines on aligning the performance appraisal system to the results-based budgeting framework, which should be implemented at the missions as well as at Headquarters. The Board further recommends that this be filtered down to all staff through their job descriptions and performance agreements to ensure awareness of their responsibility and accountability towards achieving the accomplishments as set out in the results-based budgeting framework.**

106. The Administration informed the Board that, as a first step, the roll-out of the electronic performance appraisal system (e-PAS) to the field had been completed in 11 missions between April and August 2003. It was the intention of the Department of Peacekeeping Operations that these missions would align their individual performance plans to the results-based budgeting framework in their next performance cycle. It was expected that the implementation would be completed during the 2005/06 performance cycle. The Administration also indicated that the performance appraisal system would be aligned to results-based budgeting during the 2004 performance appraisal system period in accordance with the established implementation schedule.

Systems to measure, monitor and evaluate performance

107. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 79 (a)) that a uniform system should be developed to monitor and evaluate performance measurement. The Administration indicated that a Funds Monitoring Tool had been developed to assist the missions to monitor their budget allotments. This tool was only implemented at the missions during the early part of 2003 and the full effect thereof could only be evaluated in the following year.

108. The performance reports compiled by the missions were done according to the results-based budget framework and included details on the actual indicators of achievement at missions. There were no systems in place to ensure the accuracy of these indicators of achievement and as this report was utilized mainly to determine the effectiveness with which activities were performed at missions, there was a risk that inaccurate management information may be used for decision-making.

109. The United Nations Interim Administration Mission in Kosovo (UNMIK) had developed a mission performance management plan, which mainly identified strategic priorities and activities, to facilitate the implementation of the mandate. The approach was similar to the results-based budgeting framework, and the work performed to compile the mission performance management plan had been used for the results-based budgeting. However, some discrepancies remained between the mission performance management plan and the results-based budgeting with regard to goals, sub-goals and outputs.

110. **The Board recommends that the Administration:**

(a) **Formulate standardized procedures and methods for information-gathering to enable the missions to compile a portfolio of evidence to substantiate the actual accomplishments as recorded on the performance reports; and**

(b) **Determine in which manner the portfolio of evidence would be validated as well as allocate the responsibility of performing this validation.**

111. The Administration indicated that significant first steps have been taken towards establishing standardized procedures and methods for information-gathering by launching data-collection plans for the 2003/04 and 2004/05 financial periods. For each of these periods and for each of their indicators of achievement and outputs, every peacekeeping mission would record the data sources, collection method, unit of measurement, frequency and responsibility for data collection and storage in one form. This tool was expected to enhance the accuracy of data by identifying and recording in advance which sources will be used, by fostering more frequent data collection throughout the period, and by identifying the responsible parties to be held accountable. The recorded data source and collection method would provide a reference to the evidence to substantiate the indicators of achievement. All peacekeeping missions practised with this tool during the results-based budgeting workshop in Cyprus and the next step planned was the refinement of the tool, possibly with automated links to data sources. The Administration indicated that peacekeeping missions would be involved in the design phase of this version and the launch thereof was planned for mid-2004.

Baseline data for measuring non-financial performance

112. No baseline data was available to measure the actual non-financial performance of the missions for the 2002/03 financial year as the budget did not include a standard framework for objective-setting. The missions' performance reports were therefore presented in a format indicating the actual accomplishments of non-financial performance for the period without predetermined targets. However, baseline data would be available to measure non-financial performance in performance reports for the 2003/04 financial year.

Alignment of financial resources to the framework

113. The financial systems in use did not have the capabilities to directly align the financial resources to results-based budgeting. The financial resources (budget) were reviewed independently from the results-based budgeting. The results-based budgeting framework was therefore not realigned or re-evaluated when amendments were made to the budget to determine whether resources available were sufficient to meet the expected accomplishments as set out in the results-based budgeting. There was also no direct link between the expenditure and results-based budgeting framework in the performance reports of the missions.

114. The Administration indicated that with the budget submissions for the 2004/05 financial period, variances in financial and human resources would be justified by referring to specific elements in the results-based frameworks. The cost estimates in budget proposals and expenditures in performance reports were provided by input class for the mission as a whole since systems did not allow for expenditure recording at a lower level. Costing and expenditure recording by results would therefore require an Organization-wide overhaul or replacement of systems, in particular IMIS. The Administration furthermore noted that the management of and accountability for financial resources by results would require the establishment of additional capacities in finance functions in each of the offices responsible for individual results.

115. **The Board acknowledges the difficulties experienced by the Administration with the process of results-based budgeting as it was only in its second year of implementation. The Board recommends that the Administration:**

(a) **Develop a medium-term strategy to enable compilation of a financial budget that correlates to the results-based budget framework; and**

(b) **Link amendments made to the financial budget to the results-based budget framework to ensure that the expected accomplishments can be met from within the available resources.**

116. The Administration informed the Board that measures would be taken to amend the results-based budget frameworks at the start of the financial period and when the approved level of resources varied from the proposed level. These amended frameworks would be used by the missions during the financial period and would be presented to the legislative bodies in the performance reports.

3. Air operations

117. Following the previous report of the Board of Auditors (A/57/5, vol. II), the Advisory Committee on Administrative and Budgetary Questions, in its report on the United Nations peacekeeping operations (A/57/772, para. 108), requested the Board to ascertain, during its regular audits, whether an effective and adequate capacity was in place in peacekeeping operations to plan, manage and monitor the configuration and utilization of air assets and to provide in the report, information on air incidents and accidents.

Scope

118. In addressing the request from the Advisory Committee on Administrative and Budgetary Questions, the Board met with the Office of Internal Oversight Services (OIOS) to coordinate efforts and to avoid duplication. The Office planned to review only the air safety aspects. The Board therefore concentrated its work mainly on aspects of air operations other than air safety and will continue to focus on air operations in future audits.

Planning of air operations

Analysis of air operations

119. An analysis was conducted of the activities relating to air operation of some of the missions where air operations were considered to be significant as indicated in the table below. Our analysis revealed that for the missions selected, $59.1 million (22 per cent) of the appropriated funds of $270.2 million were not spent at 30 June 2003. The savings were mainly due to improvements that were made in the 2002/03 year in managing air operations. An internal system was developed by the Air Transport Section mainly for the monitoring of the cost per flight hour which was reduced from $2,754 in the 2000/01 period to $2,139 in the 2002/03 year, resulting in a 22 per cent decrease in cost per flight hour.

120. The actual flight hours of 45,501 was lower than the budgeted hours of 89,684 by 44,183 hours (49 per cent). This was due to excessive budgeting of mission requirements; the Department of Peacekeeping Operations has implemented stricter review and guidance mechanisms to ensure that mission requirements of flight hours are established on a more realistic basis. The Department of Peacekeeping Operations and the Procurement Division have also examined the cost structure relating to air operation contracts resulting in a new costing structure that removes block hours and extra hours from most of the future contracts. The new cost structure was calculated on a base cost (the contractor's cost for providing aircrafts and crews) and a flying-hour cost, which may vary depending on the numbers of expected hours to be flown. This would eliminate the risk of paying for hours that are not used. Due to the commercial industry's approach, which uses the block hours costing structure, certain contracts may still be entered into on the basis of block hours.

Table II.11
Air operations statistics

		MONUC	*UNAMSIL*	*UNMEE*	*UNIFIL*	*UNOMIG*	*UNMIK*	*UNIKOM*	*UNFICYP*	*TOTAL*
	Appropriations ($)	155 000 000	73 916 700	27 916 700	1 339 600	4 106 300	3 370 700	3 150 000	1 433 400	270 233 400
	Actual Expenditure	116 094 400	61 322 000	21 344 200	1 538 600	2 879 400	2 595 100	3 058 000	1 457 400	210 289 100
	Variance	38 905 600	12 594 700	6 572 500	(199 000)	1 226 900	775 600	92 000	(24 000)	59 100 700
	% Variance	25%	17%	24%	-15%	30%	23%	3%	-2%	22%
Blocked flight hours	Budgeted	29 640	16 068	8 268	2 888	1 860	1 020	2 088	1 188	63 020
	Actual	14 526	11 290	[a]	-	1 254	843	1 394	1 186	30 493
	Variance	15 114	4 778	8 268	2 888	606	177	694	2	31 654
	% Variance	51%	30%	100%	100%	33%	17%	33%	0.2%	50%
Extra flight hours	Budgeted	18 660	6 300	4 140	-	1 860	900	-	-	31 860
	Actual	9 082	2 009	[a]	-	-	-	-	-	11 091
	Variance	9 578	4 291	4 140	-	1 860	900	-	-	19 869
	% Variance	51%	68%	100%		100%	100%			62%
Total flight hours	Budgeted	48 300	22 368	12 408	2 888	3 720	1 920	2 088	1 188	89 684
	Actual	23 608	13 299	7 340	-	1 254	843	1 394	1 186	45 501
	Variance	24 692	9 069	5 068	2 888	2 466	1 077	694	2	44 183
	% Variance	51%	41%	41%	100%	66%	56%	33%	0.2%	49%
No. of aircraft (varied during the year)	Budgeted	46	28	17	5	4	2	2	2	106
	Actual	39	27	14	4	3	2	2	2	93
	Variance	7	1	3	1	1	0	0	-	13
	% Variance	15%	4%	18%	20	25%	0	0	0%	12%

[a] Figure was not available.

121. **The Board recommends that the Department of Peacekeeping Operations continue its efforts to better formulate the budget to make it more reflective of actual air operations; and continue its initiatives to renegotiate air operations contracts with a view to paying only for flight hours utilized.**

122. The Department of Peacekeeping Operations informed the Board that it has advised all peacekeeping missions to closely evaluate historical usage of aircraft when budgeting for flying hours and that requirements should be based on sound assumptions. That issue was also stressed during the Director of Administration/Chief Administrative Officer conference held at United Nations Headquarters in June 2003. The Air Transport Section of the Department of Peacekeeping Operations now requires missions to substantiate their contractual flying hours.

Aviation training

123. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 85 (a)) that aviation officers should attend formal training courses as prescribed in the Air Operations Manual. The Board noted that training provided to staff involved in air operations at missions was at times inadequate and inconsistent. The United Nations Aviation Training Programme consisted of several areas, which included initial and refresher courses provided at Headquarters, on-the-job training provided by the mission for aviation assistants, and specialized aviation training covering accident investigations, flight operations management, and dangerous cargo loading provided by accredited institutions and agencies.

124. Missions, for example MINURSO and UNOMIG, did not consistently submit on-the-job training completion forms to the Air Transport Unit at the Department of Peacekeeping Operations after training had been completed. At UNMISET there was no focal point to ensure that on-the-job training was completed and monitored.

125. Aviation staff at MONUC and UNOMIG did not attend all planned courses. In addition, 14 staff who transferred from other missions to MONUC did not attend the refresher updates as required by the Air Operations Manual during the year under review. Inadequate training could impact negatively on the Organization's ability to achieve its objectives.

126. The Logistics Support Division in the Department of Peacekeeping Operations informed the Board that a new structured approach in the form of a database was now being taken that would force missions to submit completed on-the-job training completion forms. This feedback from missions would be consolidated from the database and would enable Headquarters to monitor and control training in a proper and structured manner.

127. **The Board reiterates its recommendation that the Administration ensure that staff members involved in air operations are adequately trained, as specified in the Air Operations Manual.**

128. The Department of Peacekeeping Operations indicated that it was committed to meeting the training needs of its staff to effectively support its field operations and that a new chapter on aviation training was included in the draft revision of the Air Operations Manual. The draft expanded on initial and on-the-job training and stipulated that aviation staff was to undertake specialist training at least once every two years. The Department expected to complete the update of the Manual by March 2004 and had also initiated action to establish an air operations staff-training database.

Managing air operations

Liability waiver forms

129. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 85 (e)) that all missions should complete liability waiver forms as envisaged in the Air Operations Manual. The Board noted improvements at missions in this regard.

130. However, at MINURSO and UNFICYP, liability waiver forms were not always completed. Therefore, the Board was concerned that the risk that the Organization

could be liable for possible claims still existed at certain missions due to the non-completion of the liability waiver forms.

131. **The Board reiterates its recommendation that the Administration ensure that all missions complete liability waiver forms as envisaged in the Air Operations Manual.**

132. The Administration concurred with the Board's recommendation and stated that the Office for Mission Support would remind the missions to strictly comply with requirements on liability waiver forms.

Implementation of aviation standards

133. Pursuant to the ICAO recommendation to ensure that safe, efficient and responsive air transport operations of the highest degree, facilitating inter-agency cooperation between the Department of Peacekeeping Operations and the World Food Programme (WFP) and increasing the ability to respond to each other's emergency and ad hoc needs in order to achieve cost efficiencies in field operations, the Aviation Standards (AVSTADS) for peacekeeping and humanitarian air transport were jointly developed by the Department and WFP and disseminated in February 2003 to all field missions. These standards were developed to ensure safe, efficient and responsive air transport operations to the highest degree pursuant to specific ICAO recommendations. The Department of Peacekeeping Operations informed the Board that the standards also facilitate interoperability between WFP and itself.

134. **The Board recommends that the Administration assess the compliance with the newly developed aviation standards as well as its impact on improving the management of air assets and air safety.**

135. The Department of Peacekeeping Operations informed the Board that it has updated its Aviation Manual to reflect the Aviation Standards. Also, in compliance with the Aviation Standards, the Department has designed a revised Technical and Operational Evaluation Criteria form and published it in the web site of the United Nations Procurement Division. The form outlines the technical requirements to be met by prospective contractors for aircraft charter services, and is a part of the pre-qualification process for registration as air operator with the United Nations.

136. The Department of Peacekeeping Operations has selected a qualified candidate at the P-5 level from the International Civil Aviation Organization (ICAO) with an extensive commercial aviation background in international air transport operations. The appointment of an expert with such experience is in compliance with the Aviation Standards for Air Transport management functions. Further assessment would be undertaken by the Aviation Technical Group constituted to provide relevant guidelines to the Department and WFP for implementation of the Aviation Standards through appropriate procedures.

Airfield service contract at MONUC

137. Since the previous financial period, the contract for the provision of airfield services to MONUC had been terminated and replaced with a more comprehensive contract. The Department of Peacekeeping Operations and MONUC had implemented measures to address the identified deficiencies in the old contract. The measures included the re-bid of the contract and the conduct of a business case analysis. The result of the analysis identified that the best option of airfield services

in MONUC was to include troop-contributing countries, United Nations staff and contractor services.

138. Prior to the opening of the bid, the Department of Peacekeeping Operations prepared a comprehensive evaluation matrix; briefed and took potential vendors on site visits in the mission area; and hired an external consultant to independently evaluate the bids. As another level of control, an integrated team consisting of Headquarters and mission staff was formed and carried out the evaluation of the bids. This ensured a transparent and fair process for the new contract to the value of $30.3 million, which took effect from 1 April 2003, for a period of 18 months, in respect of five airfields.

139. The Board welcomed the new cost-plus-performance fee contract that, contrary to the earlier "fixed-price" contract, provided for the eventuality of non-delivery/non-compliant performance in the form of adjustments to the performance fee that was paid to the contractor.

140. The Board performed a follow-up of recommendations made in its previous report (A/57/5, vol. II, chap. II, para. 92) in respect of the provision of airfield services at MONUC.

141. The Administration had completed their review of the contract for the provision of airfield services to MONUC and renegotiated an agreement with the contractor. The Department of Peacekeeping Operations had secured reduction in the charges of the contractor to reflect realignment of the contract and recovery of any charges for United Nations supplied equipment. A quality assurance programme had since been implemented, which included customer complaints procedures. The invoices of the contractor have been reduced for instances where performance was not in accordance with contract requirements.

142. MONUC had continued to urge headquarters to finalize formal agreement to reflect the results of the negotiations. However, at the time of the audit, this agreement was pending and its absence was causing MONUC operational difficulties.

143. **The Board recommends that the Administration intensify its efforts to finalize a formal agreement regarding airfield service at MONUC to reflect the results of the negotiations held in November 2002.**

144. The Administration stated that the finalization of the contract for the provision of airfield services to MONUC was the subject of ongoing negotiations by the Office of Legal Affairs and the Procurement Division with the contractor, and a resolution was pending from the Office of Legal Affairs regarding this dispute.

Executive jet

145. UNMEE's air operations included four fixed-wing aircraft, two 35-seat propeller Antonov 26 and one 8-seat HS-125 executive jet. The Board noted that the executive jet's cost per hour and per actual passenger was approximately 16 times higher than the propeller aircraft. The Board established that for a round trip Asmara-Addis Ababa, the executive jet was approximately 60 per cent more expensive than the Antonov. From 1 July 2002 to 30 June 2003, the Antonov flew 1,123 hours with an average of 26 passengers per flight, and the executive jet flew 352 hours with an average of 6 passengers per flight out of a total of 4,409 flights,

representing some 7,340 flight hours. Based on these variables, from July 2002 to June 2003, the cost of one hour in flight per passenger amounted to an average of $41 with the Antonov and $647 with the jet.

146. During the first eight months of 2003, all of the executive jet's flights were duly authorized by senior management, four flights had only one passenger (at a cost of $8,220 one way between the two capitals), and several had only two or three passengers. The propeller aircraft basically flew the same route Asmara-Addis Ababa (via Assab) as the executive jet, sometimes within the same day, and with seats available. The purpose of one jet trip was recorded as "familiarization" and in another case "visit".

147. UNMEE stated that the four flights were all requested, planned and performed within the strict guidelines of both the mission's standard operating procedures and the appropriate directives received from United Nations Headquarters. UNMEE stated that the executive jet was necessary for medical evacuations (Medevac), under technical and medical conditions, which the helicopters and the less-than-stable pressurization propeller aircraft's would not provide. The Board noted that between 22 December 2000 and 14 September 2003, the executive jet had been used for 7 out of a total of 204 Medevacs.

148. **The Board recommends that UNMEE assess the cost-effectiveness of utilizing an executive jet as compared with the propeller aircraft and medical evacuation charter flights, and review the need for it.**

149. The Administration informed the Board that UNMEE has acted on the recommendation. One of the key responsibilities of UNMEE Air Operations is to provide dedicated and timely services always to support case and medical evacuations. The survey of the Mission disclosed that no individual medical air charter could provide the same service, at no additional medical risk, and at a lower cost. Further, the jet was used in 7 out of the 204 Medevacs because the other 197 Medevacs were from/to in theatre locations without airport landing strips. The Mission relies on the executive aircraft for the movement of the Head of the Mission and other senior staff to facilitate the effective accomplishment of their primary functions. Nevertheless, the Department of Peacekeeping Operations in conjunction with the Mission would again explore whether other viable options were available.

Monitoring air operations

Aviation survey

150. Aviation surveys, as required by the Air Operations Manual, were aimed at providing a detailed assessment of the factors affecting safety management and formed the basis for corrective action. However, the Air Operations Manual did not assign specific responsibility for conducting aviation surveys. The Administration informed the Board that the initial intent was that the survey would form the basis for Headquarters visits to the field and thus the survey was not the responsibility of Chief Administrative Officers or Directors of Administration.

151. The Board determined that the last survey in UNOMIG and MINURSO was conducted in September 2001 and April 2002, respectively. This situation could result in the missions utilizing obsolete equipment and procedures in air operations

that could lead to accidents in air operations and ineffective management of resources.

152. **The Administration agreed with the Board's recommendation that it ensure that all aviation surveys at missions should be conducted in conformity with the Air Operations Manual and that specific responsibility should be assigned.**

153. The Administration informed the Board that the revision of the Air Operations Manual would make it clear that administrative heads of missions would be responsible for undertaking the survey within the first six months of a new mission and once every two years thereafter, although Headquarters could be requested to undertake the survey on the mission's behalf.

Performance evaluation report

154. According to the Air Operations Manual, the performance evaluation report should be used to verify air operator's compliance with the terms of the contract and record its overall performance. This report should be compiled every six months for Letter of Assist contracts and every three months for other contracts, from the starting date of each contract, and sent to the Air Transport Section. This evaluation report inter alia covers the following compliance with United Nations contract provisions, ICAO Standards and Company Procedures; competence and knowledge of fieldwork by manager; cooperation with the United Nations Aviation Unit; compliance with financial aspects; aircraft daily task performance level; and aircrew compliance with United Nations flight follower-reporting procedures.

155. Missions did not always submit performance evaluation reports to Headquarters as required. A database was developed over two years ago by the Air Transport Section to monitor the submission of these reports. Subsequently, an electronic reporting system was introduced approximately a year ago, firstly on a trial basis at MONUC, and it had subsequently been approved and rolled out to all missions.

156. **The Board recommends that the Administration:**

(a) **Ensure that missions complete and submit performance reports for air vendors on a regular basis in order to ensure adequate monitoring of services received; and**

(b) **Emphasize to all aviation staff the importance and objectives for completing and submitting performance evaluation reports for air vendors.**

157. The Administration informed the Board that although missions had been advised of the requirement of completing the reports, the Air Transport Unit would continue to monitor the submission of these reports to ensure they are received in a timely manner.

4. Procurement and contract management

Code of ethics and declaration of independence

158. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 119) that the Administration should expedite the promulgation and implementation of a code of ethics and the signing of declarations of independence.

159. During a follow-up on this matter, the Office of Central Support Services reaffirmed its position that any and all staff associated with the procurement cycle not just the Procurement Officers, should sign declarations of independence, and that liability and accountability should also be equally applied to all staff, as appropriate. At the time of the audit (October 2003), the Office of Central Support Services was in the process of finalizing the drafting of a code of conduct that would contain ethical principles for United Nations staff working in the procurement process.

160. The Advisory Committee on Administrative and Budgetary Questions was informed of instances where staff members who had left the Organization subsequently worked with contractors whose services they had participated in procuring while they were staff members of the United Nations (A/57/772, para. 118). The Procurement Division also acknowledged that it experienced situations where confidential procurement information was known by Member States or third parties outside the Procurement Division.

161. **The Board reiterates its previous recommendation that the Administration finalize and expedite the promulgation and implementation of a code of ethics and the signing of declarations of independence after due consideration by all the relevant stakeholders.**

162. The Procurement Division issued an interoffice memorandum on conflict of interest and confidential information reminding staff to avoid conflict of interest situations and not to divulge confidential information without authorization. The procurement guidelines, which comprise the guidelines on the acceptance of gifts and hospitality by the Procurement Division staff as well as the interoffice memorandum issued on conflict of interest and confidential information was available on the United Nations Intranet. However, the Board noted that at UNAMSIL, UNMISET, UNDOF and MONUC the staff associated with the procurement process were not aware of the procurement guidelines.

163. **The Board recommends that the Administration take steps to ensure that all staff associated with the procurement process should be made aware and regularly reminded of the procurement guidelines.**

Qualifications and experience of field procurement officers

164. In several instances, there appeared to be a lack of qualified and experienced procurement professionals at missions. This competency gap may have a negative effect on the economy, quality and timeliness of procurement actions, fairness, integrity and transparency of the procurement process. The Procurement Division and the Personnel Management Support Services (in the Department of Peacekeeping Operations) were of the view that this was due to the remuneration packages and term-of-employment contracts offered to procurement officers in the field in comparison to the private and public sectors and other United Nations organizations.

165. The Administration informed the Board that in the past, the Department of Peacekeeping Operations appointed young professionals with no knowledge of the Financial Regulations and Rules of the United Nations and its systems in positions such as budget, finance and human resources officers at a lower Professional post level, and trained them extensively in these systems and other important areas applicable to their occupational group before outposting them to the field. The Administration was of the view that this approach proved successful as most of the staff so appointed was still in the employment of the United Nations.

166. The Department of Peacekeeping Operations was unable to offer prospective employees longer-term employment contracts at the various peacekeeping missions due to their limited mandates. The Department was granted permission to offer employment contracts of up to one year at peacekeeping missions in the upsizing mode. The Procurement Division in conjunction with the Department, was negotiating to obtain approval to sign employment contracts of up to two years.

167. The Procurement Division had no involvement in the appointment of procurement officers at the various peacekeeping missions until recently. All applications now come to the Procurement Division for review and clearance. In addition, procurement officers spend up to three months at the Procurement Division, training and familiarizing themselves with procurement procedures and processes prior to being deployed at missions. The Procurement Division had also suggested to the Department of Peacekeeping Operations and the Office of Human Resources Management that chief procurement officers should be outposted from the Procurement Division, and that they consider the implementation of a "staff exchange programme".

Procurement training

168. The Board reported in its previous two reports (A/57/5, vol. II, chap. II, para. 121, and A/56/5, vol. II, chap. II, para. 173) that there was a need to strengthen the function of procurement officers through training. The Board again noted at the various peacekeeping missions that, except for the chief procurement officers, sufficient training was not provided to procurement officers. UNAMSIL, UNMISET, UNOMIG and MONUC did not formally identify or develop training plans for procurement officers.

169. The Procurement Division has been responsible for procurement training in the field missions with effect from September 2002. The Procurement Division contacted the chief procurement officers in all missions to identify the training needs and further developed a procurement training plan for 2003. Starting from the

last quarter of 2003, the five-day advance procurement training module for field staff would be implemented in six locations. Furthermore, the United Nations System Staff College developed a project proposal for a common procurement training initiative for the United Nations. The project proposal had been developed to support the United Nations procurement reform initiative; its goal was the introduction of system-wide common United Nations procurement training curricula and a common scheme for professional certification of procurement staff within the United Nations system. The project will be initiated as soon as the necessary funding for it has been secured.

Procurement planning

170. In its previous report (A/57/5, vol. II, chap. II, para. 126), the Board recommended that all peacekeeping missions submit procurement plans in a timely manner in order to expedite the development of an overall procurement plan. In order to streamline the planning process, procurement plans of missions were submitted to the Procurement Division after review by the Office of Mission Support. The Office of Mission Support had taken appropriate steps towards transition acquisition planning from a fiscal-year to a calendar-year basis to be in line with the United Nations financial year. In an attempt to align procurement planning with the budget process, the Procurement Division also permitted missions to prepare and submit their procurement plans according to their fiscal year as was the previous practice. In July 2003, all peacekeeping missions had been requested to submit their acquisition plans for the second half of the year ending 31 December 2003.

171. The Procurement Division requested that the anticipated procurement requirements for peacekeeping missions for the fiscal year 1 July 2003 to 30 June 2004 be submitted by 30 June 2003. Out of the 14 peacekeeping missions required to submit plans, only 4 (29 per cent) submitted them before the required date, while 10 (71 per cent) submitted their procurement plans after the deadline. The Department of Peacekeeping Operations stated that the delay in receipt of the fiscal year's plans had neither impacted the Department's ability to support the missions nor decreased its ability to effectively and efficiently manage the Organization's assets.

172. **The Board encourages the Administration to ensure that all peacekeeping missions submit procurement plans to the Procurement Division in a timely manner to expedite the complete development of an overall procurement plan.**

173. In order to realize the benefits offered by proper procurement planning, peacekeeping missions need to operate with reference to their procurement plans. The Board evaluated the procurement activities at the missions and noted the following:

(a) MONUC's 2002/03 procurement plans could not be provided to the audit team. Although the procurement plan had been submitted to the Procurement Division, it appeared that the mission operated without reference to the procurement plan.

(b) At UNMEE, 25 purchase orders related to the purchase of various information/technology equipment that were raised in the last three weeks of the financial year, for a total value of $1,148,935. One vendor received five orders within seven days for a total amount of $368,920 and another vendor received four orders within three days for a total amount of $460,945.

(c) After UNMEE moved its Addis Ababa office from the Economic Commission for Africa compound, four successive contracts or extensions thereof for security services were signed, but after their effective date.

174. **The Board recommends that the Administration ensure that missions utilize procurement plans to facilitate an effective and efficient procurement process.**

Procurement cycle

175. In its previous report (A/57/5, vol. II, chap. II, para. 130), the Board recommended that the Administration take measures to decrease the procurement lead times to a reasonable level. Although the Department of Peacekeeping Operations had taken measures to improve the situation, the Board noted that the procurement lead times were lengthy at some missions (for example UNLB, UNAMSIL and MONUC) and at Headquarters. Examples of delays at Headquarters are provided in table II.12 below. The Board evaluated the lead times within the procurement cycle of 21 purchase orders instituted at Headquarters to the value of $39.5 million from the date of the original requisition until the date that the invoice was paid.

Table II.12
Excessive procurement lead times at Headquarters

Purchase order number	*Vendor*	*Net value (US dollars)*	*(a) Date requisitioned*	*(b) Payment date*	*Number of days between (a) and (b)*
PG-12586	1	3 618 100	19/06/02	26/02/03	253
PG-13267	2	2 150 517	20/11/02	29/08/03	283
PG-12710	3	1 690 975	29/07/02	21/03/03	236
PG-12414	4	1 279 484	20/02/02	24/01/03	339
PG-12426	5	916 084	03/01/02	17/09/02	258
PG-13261	6	707 355	07/10/02	30/04/03	206
PS-6938	7	500 000	27/06/02	23/04/03	301
PG-12603	8	123 000	15/02/02	15/11/02	274
PG-12472	9	115 630	26/06/02	27/12/02	185

176. Delays were for reasons such as: inadequately completed requisitions; prolonged manufacturing of goods; processing of cases being held in abeyance due to delays in the logistical and coordination arrangements at UNLB and in order to negotiate several contractual terms which are critical to safeguarding the interest of the Organization; incorrect shipment documentation being received/shipment documentation not being received; and invoices not being received. Excessive lead times including goods and services not received in a timely manner may affect the ability of the United Nations to properly accomplish objectives.

177. **The Board reiterates its previous recommendation that the Procurement Division, in conjunction with the Department of Peacekeeping Operations,**

identify and evaluate the reasons for the excessive lead times in the procurement cycle and take measures to decrease these lead times to a reasonable level.

178. The Department of Peacekeeping Operations informed the Board that it has prepared a detailed flow chart on the acquisition process with a view to identifying critical gaps in the process in order to analyse and improve the procurement lead times. The Department would discuss the results and the intended actions with the Procurement Division.

Registration of prospective vendors

179. Section 5.00 of the United Nations Procurement Manual outlines the procedures and requirements for the registration of prospective vendors. It requires, inter alia, that the Procurement Division maintain a computer roster in which it registers prospective vendors on a worldwide basis for its requirements. Vendors must successfully complete the registration process as outlined in sections 5.04 and 5.05 before they can be registered in the roster under the commodities and services they provide.

180. The Board noted that at UNMISET, UNOMIG and MONUC, the prospective vendors were registered on the computer roster without being pre-qualified in accordance with the requirements of section 5.04 of the Procurement Manual. Also, the above missions did not have Supplier Review Committees in place as required by section 5.03 of the Manual. Therefore, there is a risk that vendors that may not have met the pre-qualification criteria for registration could be registered in the computer roster.

181. **The Board recommends that the Administration take appropriate measures to qualify vendors before acceptance as a prospective supplier/contractor, in full compliance with the United Nations Procurement Manual.**

182. The Procurement Division informed the Board that it was at the final stage of promulgation of the revised Procurement Manual and planned to emphasize the need for the missions to establish proper mechanisms to review qualification and capability of potential vendors. The Administration intended to engage a consultant to conduct a review of the vendor registration management system in order to improve the utility of the United Nations Common Supply Database, which would become the central vendor database for the United Nations system in the near future. The Department of Peacekeeping Operations also informed the Board that they have on several occasions stressed to missions the importance of establishing Supplier Review Committees in accordance with the Procurement Manual. The Office of Mission Support would again send out reminders to missions on this matter.

183. The Board had previously also recommended in its report (A/57/5, vol. II, chap. II, para. 139) that vendors should be requested to submit their most recent financial statements for evaluation. The Board reviewed 16 prospective vendors registered by the Procurement Division during the financial year under review and noted that 4 (25 per cent) of the prospective suppliers/contractors did not provide their most recent financial statements when they applied for registration. The evaluations of financial performance of these vendors were therefore not based on their most recent financial statements.

184. At UNMIK, for cleaning and janitorial services ($1.4 million), the Procurement Section recommended that the contract be split between a foreign and a local provider because of what the Procurement Section considered as the local provider's financial weakness. The Headquarters Contract Committee finally selected the local supplier for the entire contract, with savings of $0.5 million. The procurement financial analysis was limited to two monthly bank statements supplied by the bidder, without appropriate financial information.

185. **The Board recommends that the Administration take appropriate measures to ensure that vendors are evaluated on their most recent financial statements before acceptance as prospective vendors.**

186. The Procurement Division informed the Board that it is making efforts to obtain the most recent financial statement for evaluation to the extent feasible while it is totally dependent on the availability of financial statements at the time of receipt of application for vendor registration. It further stated that it followed section 5.07.01 of the Procurement Manual, which requires that vendors submit financial statements that can be adequately evaluated.

Mercury system

187. The Procurement Section at the various peacekeeping missions utilizes the "Mercury" electronic requisitioning system as their computerized procurement system. The Mercury system was not utilized to support local contract database management, even though the system was capable of performing this function. A database of contracts was usually maintained manually at missions, which was time-consuming and not accessible to all users.

188. **The Administration agreed with the Board's recommendation to evaluate the possibility of utilizing the Mercury system to support local contract management.**

189. The Department of Peacekeeping Operations informed the Board that they would include this proposal in its requirement specifications for the next update release of the Mercury system, which was scheduled to take place in June 2004.

Performance reports

190. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 135) that missions should compile assessments of progress and final performance and that those assessments should be forwarded to the Procurement Division in a timely manner. Neither UNMISET, UNOMIG nor MONUC consistently completed vendor performance reports at appropriate intervals or at the completion of contracts. The Board is concerned that contracts may be maintained with vendors with unsatisfactory or poor performance, consequently compromising the achievement of the Organization's objectives. Out of a sample of 16 contracts valued at $170.9 million, 9 contracts were extended or renewed prior to the completion of the performance report.

191. The Procurement Division noted that it shared the Board's concern but believed that the policies and practices in place, with the increasing awareness of the Procurement Division staff of the importance of verifying contractor performance before placing new contracts or extending existing ones, adequately protect the Organization.

192. **The Board reiterates its previous recommendation that peacekeeping missions compile assessments of progress and final performance of vendors and forward them to the Procurement Division in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations.**

193. The Procurement Division concurred with this recommendation and stated that they were already implementing it by ensuring that no contract was maintained, extended and/or renewed without careful reference to the contractor's performance. The Office of Mission Support indicated that during the 15-month period ending 30 September 2003, it had sent six facsimiles to all missions reminding them of the importance of performance evaluation meetings and completing the performance evaluation reports. The Office of Mission Support would follow up and monitor the submission of these reports.

Improvements in field procurement

194. The Procurement Division, in conjunction with the Department of Peacekeeping Operations, initiated various measures to address deficiencies in field procurement, influence the quality of local procurement in the field and increase support to the peacekeeping missions in addition to that already mentioned earlier in this report. These include increasing the level of coordination and cooperation with the Department of Peacekeeping Operations to improve the Organization's ability to deploy and service peacekeeping missions; direct communication between procurement officers in the field and the Procurement Division (the local committees on contracts at the various peacekeeping missions can now send their recommendations directly to the Procurement Division for presentation to the Headquarters Committee on Contracts); establishing a "24/7" hotline; increasing the number of systems contracts available to the field; and management visits to field offices. The Department indicated that the overall responsibility of missions to the Department for the operational management and sustainment of support needs to be maintained.

195. **The Board takes cognizance of these planned developments and encourages the Administration to monitor the impact of measures taken to address deficiencies in field procurement, influence the quality of local procurement in the field and increase support to the various peacekeeping missions.**

Rations contract

196. During the financial year under review, MONUC experienced problems regarding the delivery of rations in respect of a contract to the final point of consumption. Due to flights being delayed or cancelled, limited air resources being available, as well as other limitations within the supply chain, fresh food and produce reached its final destination in a dilapidated or spoiled condition.

197. The contractor made proposals to deliver rations at the final point of consumption (door-to-door delivery). The most important benefit would be that rations would be inspected at the final point of delivery and not at the first point of entry. If anything happened with the rations anywhere within the supply chain, the cost involved would be at the contractor's expense and not MONUC's as was the case with the existing contract. According to the mission, additional benefits to be

derived from such a service included freeing up valuable air resources for other mission tasks, anticipated annual savings of $1.2 million and an increase in the quality of rations supplied to contingents, which should positively impact on the morale of contingents.

198. The Board takes cognizance of the lessons learned at previous missions, such as UNAVEM/MONUA where the quality of service and food drastically improved after the responsibility of delivering the food to the final point of delivery was transferred to the contractor.

199. The amendment to the contract that would transfer the responsibility of the actual transportation of rations by the contractor to the final destinations was still pending. The Department of Peacekeeping Operations informed the Board that the rations contract was due to expire on 12 March 2004 and that the contract was being re-bid.

5. Offices for peacekeeping missions

200. The UNMEE headquarters are in Asmara (Eritrea). Its Office in Addis Ababa (Ethiopia) was established in 2000. In the status-of-forces agreement signed in 2001 the host country Government committed itself to provide suitable premises, free of charge, but did not do so. The Office was first located within the Economic Commission for Africa compound, at a monthly cost of $1,666 per month for 518 square metres, security included. Despite reservations expressed by the Office of Internal Oversight Services, United Nations Headquarters approved in February 2002 the relocation to a rented office building of 2,863 square metres at a monthly cost of approximately $30,000. The Department of Peacekeeping Operations had stated that the relocation would not require significant additional funding, since the costs would be met from within existing budgetary allocations; the latter assertion assumed a need to achieve a 100 per cent rate of consumption of the budget. The Board concurs with the reservations expressed by the Office of Internal Oversight Services.

201. The Board also followed up on the recommendation in its previous report (A/57/5, vol. II, chap. II, para. 192) that the Department of Peacekeeping Operations should conclude an agreement with the Federal Republic of Yugoslavia regarding the UNMIK liaison office in Belgrade before UNMIBH is liquidated in 2003. The Administration informed the Board that the draft status-of-mission agreement between UNMIK and the Republic of Serbia and Montenegro was still under discussion and therefore no new agreement had been entered into. The UNMIK liaison office in Belgrade, however, continues to operate under the terms of the agreement concluded by the United Nations and the Federal Republic of Yugoslavia in June 2001. The Department of Peacekeeping Operations is still pursuing the issue with the Office of Legal Affairs.

6. Contingent-owned equipment

202. Based on the previous report of the Board (A/57/5, vol. II), the Advisory Committee on Administrative and Budgetary Questions requested the Board in paragraph 63 of its report A/57/772 to further review, during its regular audits, contingent-owned equipment issues such as memoranda of understanding, pre-deployment inspections, arrival inspections, verification reports and personnel

resources. The Board noted improvements made through the implementation of its previous recommendations.

Memorandums of understanding

203. The Claims Management Section was mainly responsible for facilitating negotiating memorandums of understanding with troop contributors participating in peacekeeping operations and processing claims in order to reimburse Member States for contingent-owned equipment deployed. At the time of the audit, claims for peacekeeping missions had been certified up to December 2002 and were being processed for the period January to June 2003. Some of the main challenges faced by the section were training and inducting new staff, processing claims and coordinating memorandums of understanding negotiations for MONUC.

204. Only 5 (31 per cent) of the 16 memoranda of understanding were signed during the financial year under review, prior to the deployment of equipment and/or troops. The Board noted the following actions to improve the memorandum of understanding negotiations as well as the contingent-owned equipment process in general:

(a) Pre-negotiations with countries have been ongoing and involved various sections.

(b) Three briefing sessions on financial reimbursement procedures were completed: two briefing sessions, involving 103 representatives from permanent missions to the United Nations were held on contingent-owned equipment matters; and 30 briefings were held regarding the 2004 contingent-owned equipment working group.

(c) Two generic memorandums of understanding had already been agreed upon during April 2003 and two more were under discussion.

(d) A draft document regarding the special case reimbursement rate, to be discussed at the 2004 contingent-owned equipment working group, had already been compiled.

(e) A model memorandum of understanding document had been applied and all differences or additional requirements were negotiated on a case-by-case basis.

205. **The Board recommends that the Administration continue with its efforts to improve the contingent-owned equipment system, including the timely finalization of memorandums of understanding.**

206. The Department of Peacekeeping Operations informed the Board that they were committed to ensuring that memorandums of understanding were concluded prior to the deployment of troops to the mission areas. However, due to the time frames required to accomplish these negotiations, most deployments to peacekeeping missions would occur prior to a signed memorandum of understanding being in place.

Verification procedures

207. The previous report of the Board (A/57/5, vol. II, chap. II, para. 62) recommended that the Administration should ensure better compliance with the contingent-owned equipment arrangement to improve the verification process.

208. Effective monitoring of the submission process of verification reports and automation of the verification reporting process from the missions contributed to these reports being received in a timely manner. The Department of Peacekeeping Operations had implemented a verification reporting system in UNMISET, UNMEE, UNMIK, UNAMSIL, MONUC and UNIFIL and since April 2003, verification reports from these missions had been forwarded electronically to United Nations Headquarters. The implementation of this process in the other missions was still in progress at the time of the audit. UNDOF was the only mission where the verification reports were still not prepared on a monthly basis.

209. **The Board recommends that the Administration ensure compliance by UNDOF with the contingent-owned equipment verification process.**

210. The Department of Peacekeeping Operations subsequently informed the Board that UNDOF now transmits the verification reports to Headquarters electronically through the verification reporting system. The Office of Mission Support would closely monitor the submission of verification reports by UNDOF to ensure that it does not impede on the timely processing of the reimbursement for contingent-owned equipment.

Pre-deployment visits

211. The Board followed up on its previous report (A/57/5, vol. II, chap. II, para. 56) regarding the Administration optimizing the benefits obtained from pre-deployment visits. Pre-deployment visits were conducted for only 4 (40 per cent) of the 10 units deployed during the financial period under review.

212. The Administration informed the Board that it continues to improve the pre-deployment visit procedures and reiterated that it continues to participate actively in the pre-deployment visits as and when necessary. The Military Division now coordinates pre-deployment visits, a role previously performed by the Office of Mission Support. A policy document had already been prepared in this regard for consideration by the Administration Support Division.

213. **The Board recommends that the Administration expedite the finalization and continue with the implementation of the policy on pre-deployment visits to improve the verification of contingent-owned equipment process.**

Benchmarking of personnel resources

214. The Department of Peacekeeping Operations had agreed with the previous recommendation by the Board that it devise a method to determine the optimum number of staff members needed to efficiently manage the contingent-owned equipment system, bearing in mind the changing volume of the related work at missions (A/57/5, vol. II, chap. II, para. 67).

215. The Department of Peacekeeping Operations completed a survey of the structure and qualifications needed for a contingent-owned equipment unit in peacekeeping missions. The coordination and integration of efforts within the Office of Mission Support on this matter was, however, in progress at the time of the audit. Furthermore, the development of a generic statement of duties and desired qualifications was in progress at the time of the audit.

216. **The Board recommends that the Administration finalize the process of developing a generic statement of duties and desired qualifications, followed by the appropriate action to obtain or balance the personnel for contingent-owned equipment units.**

217. The Department of Peacekeeping Operations informed the Board that the Office for Mission Support had, subsequent to the audit, drafted the generic job descriptions for the Chief, contingent-owned equipment Unit and the contingent-owned equipment officer in peacekeeping missions. The job descriptions would be included in new compendiums for vacancies in the field missions.

218. The Administration informed the Board that it would continue its efforts to ensure full implementation of the above recommendations regarding the improvement in the process of reimbursement for contingent-owned equipment. The implementation of these recommendations was ongoing.

7. Insurance of vehicle fleet

219. The vehicle fleet of peacekeeping operations was insured under the worldwide vehicle third-party liability policy of the United Nations. The policy was based on a guaranteed cost basis and the total insurance premium for the period 1 July 2002 to 1 July 2003 amounted to $4.3 million.

220. The Board followed up on the recommendation made in its previous report (A/57/5, vol. II, chap. II, para. 115 (a)) that the Administration ensure that the correct vehicle fleet counts are provided to the Insurance Service in a timely manner.

221. The Surface Transport Unit implemented a system of procedures to monitor, update and follow up vehicle counts on a monthly basis. A monthly summary report for all vehicle fleet counts of all missions was sent to the Insurance Service at the end of the month following the month of the vehicle count.

222. The Board also followed up on the recommendation made in its previous report (A/57/5, vol. II, chap. II, para. 115 (b)) that the Administration should conduct a cost-benefit analysis as a basis for taking a decision on the alternative risk-financing programmes.

223. The Insurance and Disbursements Service reviewed possible options and quotations from several international companies and compiled a position paper on the alternative risk financing programmes. It then recommended that the worldwide vehicle liability policy be maintained on the current "guaranteed cost" structure and renewed with the insurance company for an estimated premium of $4,124,929, covering the period from 1 July 2003 to 30 June 2004.

8. Quick impact projects

224. Quick impact projects were created to address emergency or urgent visible humanitarian and infrastructure projects so that immediate relief could be provided within the shortest possible time and to promote and facilitate the United Nations peacekeeping efforts. These projects could be directly undertaken by the mission or through other United Nations agencies, international organizations, non-governmental organizations and local implementing agencies. The Special Representative of the Secretary-General may approve up to $15,000 per project on

the basis of written recommendation made to him by the Quick Impact Project Committee.

Period of implementation

225. No specific time frames have been prescribed for the implementation of quick impact projects as the implementation periods depended entirely on the situation on the ground, the nature of the project and conditions stipulated by the donors. However, quick impact projects were not always implemented within the planned implementation period. The following projects are examples of the duration of projects that were longer than the approved planned implementation time frame.

Table II.13
Quick impact projects delays

Project	*Approval date*	*Amount (United States dollars)*	*Planned duration*	*Comment*
CVP/13/2002/DF (UNAMSIL) Construction of police station	8 May 2002	14 528	2.5 months	5 months to complete project
CVA/40/2002/DF (UNAMSIL) Completion of school room	20 August 2002	10 188	3 months	Project not completed at audit date
CVA/35/2002/DF (UNAMSIL) Skills training	14 August 2002	11 185	6 months	Project not completed at audit date
Rehabilitation of the operation block	20 December 2002	13 640	Project not completed at audit date	

226. One of the causes for the delays in the above-mentioned projects was a lack of proper planning and regular monitoring by the missions to identify, in advance, possible problems that would have a negative impact on the timely implementation of projects.

227. The Board followed up on the recommendation in its previous report (A/57/5, vol. II, chap. II, para. 164) that the Administration should take the necessary steps to close the winterization 1999 project at UNMIK. The project closure was pending due to the lack of funds of UNMIK to pay UNOPS an outstanding amount of $192,178. The Board noted that the Peacekeeping Financing Division agreed to make the funds available to settle the long-outstanding amount and the project would be closed off once the funds have been released and payment made.

228. For its quick impact project 1020 (railway), UNMIK paid an advance of $30,000 to the forces of a Member State in September 1999, in order to facilitate the purchase of a satellite traffic control system ($41,000). The Member State's forces in turn paid the amount to the vendor. The vendor, however, kept the equipment, instead of installing it. The Kosovo Department of Transport (which was an UNMIK department in 1999), considered the equipment too sophisticated for the railway. The vendor declined to refund the amount. In an effort to put to use the already spent $30,000, Department of Peacekeeping Operations missions were requested on 23 July 2003 to express any interest in acquiring the above-mentioned equipment.

However, by the deadline of 15 August 2003, none did. A request for write-off was sent to the Controller on 19 August 2003.

229. **The Board recommends that the Administration evaluate the causes for delays and take appropriate steps to ensure that quick impact projects are implemented within the planned time frames.**

230. The Administration considers that the effective monitoring and accountability mechanisms that were being put in place would improve the management of the quick impact projects. The Department of Peacekeeping Operations Office of Mission Support provided to all missions detailed guidelines on the use of trust funds in peacekeeping operations, including funding of quick impact projects. These guidelines stipulate reporting procedures, identification, approval, evaluation, inspection and monitoring of projects.

9. Human resources management

Leave management

231. A module was created within IMIS to record annual, sick and special leave and overtime entitlements of the staff. The Office of Human Resource Management led the implementation of this module at Headquarters. The authority to take actions within IMIS such as updating time and attendance on a monthly basis with detailed data from 1 January 2002 was also delegated to missions. Training was provided to seven missions visited to enable them to operate the system.

232. However, IMIS was not being utilized to update leave records at missions as required by Headquarters, but was being recorded manually. This led to inaccuracy in the leave records on IMIS at the mission, as they were not being updated on the system regularly.

233. The Department of Peacekeeping Operations stated that the main reason for leave still being maintained manually was that IMIS was not currently programmed to correctly calculate the leave for all staff appointed under the 300 series of the Staff Rules. The Department of Peacekeeping Operations requested the Office of Human Resources Management to update the IMIS time and attendance reference table in order to enable IMIS to automatically calculate leave for all staff series. The Administration informed the Board that it would continue to monitor the leave recording of mission personnel and would once again impress upon the missions the importance of correctly maintaining leave records.

234. **The Board recommends that the Administration effect the necessary amendments on the Integrated Management Information System to ensure that the leave records for all mission staff can be accurately and efficiently maintained.**

235. The Department of Peacekeeping Operations informed the Board that the Office of Human Resources Management had updated the time and attendance reference table in November 2003 and the update would go into effect on 1 January 2004. In this regard, effective 1 January 2004, IMIS would also generate annual leave accruals for staff under the 300 series appointments.

Grading of posts

236. The Board reported previously (A/57/5, vol. II, chap. II, para. 186) about the inconsistency in the application of entry rules and grading of employees. The Department of Peacekeeping Operations informed the Board that the inconsistencies were being addressed by the use of generic job profiles, as they became available, and "rank-in-post" grading of appointees.

237. The Office of Human Resources Management generic job profiles were intended to eliminate the inconsistencies and disparities in the eligibility requirements for the posts at the same level and to ensure that the vacancy announcements were consistent with such profiles. However, as the salary levels of staff needed to be assessed in accordance with the grading guidelines of the Office of Human Resources Management, certain staff levels were not yet in line with the generic job profile requirements. This posed a problem for the Personnel Management and Support Service in the Department of Peacekeeping Operations in trying to streamline post requirements in line with the generic job profiles.

238. The Office of Human Resources Management had approved a substantial number of generic job profiles and the remaining ones were in the process of being approved. It anticipated that the project would be completed by March 2004. Furthermore, the Office of Human Resources Management was reviewing the grading guidelines in line with the eligibility requirements of the generic job profiles and in accordance with the provisions of ST/AI/2002/4, and expected to complete this project towards the third quarter of 2004.

239. **The Board recommends that the Administration expedite the finalizing and aligning of the generic job profiles and grading guidelines to eliminate any inconsistencies and disparities in the application of entry rules and grading of employees.**

Appointing staff at lower levels

240. The Board noted many instances at missions where staff were appointed at a lower grading but performing functions at the higher level of the posts as initially advertised.

241. The Department of Peacekeeping Operations informed the Board that this was due to changes in the budgeted level of posts at missions after the staff had already been appointed at a lower level. Ideally these higher-level posts should have been advertised so that field service staff could apply. However, due to operational requirements to retain such staff, most of these posts were not advertised. Another factor was that prior to the implementation of a competitive selection process for missions, staff were routinely moved between duty stations and to different functions, sometimes at levels higher than their personal grade. As there was no formal promotion mechanism, such staff were often given special post adjustments for performing at higher levels.

242. The Administration informed the Board that the Personnel Management and Support Service in the Department of Peacekeeping Operations was now working with the Office of Human Resources Management to develop a system whereby field staff who had been competitively selected for a post at a higher level could in fact be promoted to that level. This project was scheduled to be completed by the third quarter of 2004.

243. **The Board recommends that the Administration evaluate the level of the incumbents appointed to the budgeted posts at missions to ensure that staff members occupy posts at the appropriate level or that the level of the post is re-evaluated, and that appropriate steps are taken to rectify the inconsistencies.**

10. Training

244. The Department of Peacekeeping Operations created a training office for its civilian staff members — the Civilian Training Section — and indicated that "under the new budget system introduced in 2002, enhanced responsibility for managing and monitoring of budgets including training funds had been delegated to the missions. The training expenditures of missions funded from the special assessed contributions were reported in the performance reports of each mission and were reflected in the reports of the Secretary-General to the General Assembly".

Training reports

245. The training reports from missions did not contain all aspects relating to training. The training expenditure only included tuition fees and daily subsistence allowances. Expenditure on costs such as salary, working hours spent on training and training facilities were not included. The Department of Peacekeeping Operations was of the view that these elements may be applicable to the commercial industries but were not suitable for the peacekeeping blended learning and development environment since it would be difficult to establish these with maximum accuracy. This reporting format could be improved in the areas of benchmarking, comparison, control and training monitoring.

246. The Department of Peacekeeping Operations informed the Board that since the Civilian Training Section was operational only for six months prior to the issuance of the first training report for the 2001/02 financial period, the data was gathered in arrears as no guidance on data collection existed. Accordingly, the shortcomings noted above would be addressed in future reports.

247. The information submitted from the missions to the Civil Training Section was not always accurate and could not be completely relied upon for management purposes.

248. **The Department of Peacekeeping Operations agreed with the Board's recommendation that the Civilian Training Section of the Department formulate and issue guidelines on the information that is required for training reports submitted by missions in order to provide adequate information and standardize the reporting process.**

249. The Department of Peacekeeping Operations subsequently informed the Board that the Civilian Training Section was studying a commercial application that may be adaptable for the project and anticipated that a standardized reporting process could be implemented by the end of August 2004.

Training focal points at missions

250. The 2002 issuance of the "DPKO Training and learning Policy for Civilian Staff Members" led peacekeeping missions to more frequently appoint a local mission training officer as a focal point and/or establish a training committee.

251. Six of the missions did not have permanent training officers as focal points. The responsibility for training was usually rotated by the administrative head of the mission regularly among permanent staff members appointed in other positions who performed this function over and above their normal job requirements. As a result, the focal points changed from time to time as priority was given to their functions in accordance with their job descriptions. This contributed in part to the fact that information supplied to Headquarters (training plans and training reports) was not always reliable and that there were delays in reporting such information.

252. **The Administration agreed with the Board's recommendation that it evaluate the resource requirements of the training focal points at missions and consider delegating the responsibilities of training to a specified qualified staff member in order to ensure training matters are managed efficiently and effectively.**

253. The Department of Peacekeeping Operations informed the Board that the Department's civilian training and learning policy was being amended to reflect the provision that missions must engage properly qualified persons for training management. The revised policy was expected to be issued in early 2004.

Evaluating the effectiveness of training

254. There were no measures in place to ensure application and evaluation of newly acquired skills from training initiatives.

255. **The Board recommends that the Administration evaluate the effectiveness of training actions in order to assess whether they have met individual and organizational goals.**

256. The Department of Peacekeeping Operations informed the Board that the civilian training section had developed standard operating procedures on evaluation of training, which was under review within the Office of Mission Support. This document would be issued to all peacekeeping missions when finalized during the early part of 2004.

257. The performance appraisal system is a management tool based on linking individual work plans with those of departments and offices and entails setting goals, planning work in advance and providing ongoing feedback. An important function of the tool was to promote two-way communication between staff members and supervisors on the goals to be achieved and the basis on which individual performance would be assessed. The tool also encouraged continuous learning, fostered teamwork, and assisted in planning career development.

258. Although the tool had a provision for development of training needs that were identified during supervisor and individual consultation, the attainment of these training needs were not taken into consideration during the evaluation process in several instances. The appraisal system was mainly used as a decision-making tool for the reappointment of staff at missions. As a result, underperformance by staff could not be addressed in a fair and equitable manner, subsequently impacting negatively on the Organization's delivery.

259. **The Board recommends that the Administration implement measures to ensure that the performance appraisal system process is properly used to identify and evaluate the achievement of training needs, as this will assist the**

Organization in evaluating whether the competency gaps of staff have been narrowed.

260. The Board also addressed other training-related issues specifically relating to procurement and air operations, which have been discussed under those sections in the present report.

11. Information and communication technology strategy

261. The Board undertook a horizontal review of information and communication technology (ICT) strategy at the United Nations and its funds and programmes. This initiative included the Department of Peacekeeping Operations at a high level since the Office of Internal Oversight Services would be evaluating action taken by the Department of Peacekeeping Operations to develop and implement a comprehensive information technology systems strategy that integrates field missions with the Secretariat's overall ICT strategy in the context of responding to General Assembly resolution 56/241 of 24 December 2001 on evaluating the restructuring of the Department of Peacekeeping Operations. The ICT strategy for peacekeeping operations was driven centrally by the Department of Peacekeeping Operations. The Board noted that:

(a) Adequate governance structures and approved organization-wide policies were in place in respect of ICT;

(b) Sufficient controls existed over the ICT budget resources and processes at DPKO;

(c) Mechanisms for inter-organization discussions of ICT strategies were in place and the extent of synergies, common interest and project/investments was assessed by DPKO;

(d) The Department of Peacekeeping Operations ensured that ICT staff were kept abreast of the current trends and developments in technology by compiling yearly training programmes which included both technical and managerial issues;

(e) The Department of Peacekeeping Operations had also adopted, since 2000, the Information Technology and Infrastructure Library in order to assist in managing the ICT services provided.

262. The Department of Peacekeeping Operations has, however, not formally adopted the control objectives for information and related technology (COBIT) guidelines. These guidelines were considered to be a generally applicable and accepted standard for good information technology security and control practices that provides a reference framework for management and users as well as for the information system auditor.

263. The Department of Peacekeeping Operations informed the Board that it had decided not to adopt COBIT as its Communication and Information Technology Service was working closely with its strategic partners in the Information Technology Services Division in developing information technology standards through the Information Communication Technology Board and its associated task forces. The Service was also implementing the Rational Software Application Development suite tools to standardize the software engineering process, which the Information Technology Services Division had agreed to adapt. These efforts were

providing a standardized methodology for the management of the Organization's ICT efforts and act as an alternative to COBIT.

12. Liquidation of missions

264. The Board followed up on the recommendations made in its previous report (A/57/5, vol. II, chap. II, paras. 146, 158 and 161) and was pleased to note that the Administration had fully implemented them.

265. UNAMSIL planned to liquidate in draw-down phases until closure, which was targeted for December 2004. Although a liquidation plan had not been developed, the mission had to its credit already begun with activities to ensure a smooth liquidation. The Security Council in its resolutions 1498 (2003) and 1509 (2003) had also approved the establishment of two other missions in Côte d'Ivoire (MINUCI) and in Liberia (UNMIL), respectively.

266. At the time of the audit, UNAMSIL served as a launching pad for preliminary assessment work and deployment by the United Nations for establishing a peacekeeping operation in Liberia. The reason for deployment from UNAMSIL was primarily because of Sierra Leone's convenient geographical proximity to Liberia. Also, UNAMSIL had a fairly well-established logistical support structure that was complimented by both the civilian and military senior management.

267. The United Nations would be required to finance MINUCI, including the establishment of an effective logistical infrastructure within a short period of time. The possibility therefore exists that the established United Nations structures at UNAMSIL could be used by the Department of Peacekeeping Operations to establish the new mission in Liberia in a manner that would be efficient and cost-effective to Member States. However, this support might have an impact on the liquidation activities of UNAMSIL, such as the timing of disposal of assets.

268. **The Board recommends that the Administration, in conjunction with the Department of Peacekeeping Operations, evaluate at the earliest opportunity, the role that UNAMSIL could play in the establishment and development of new peacekeeping missions in the West Africa region, including developing regional logistical strategies; and factor the evaluation in the development of the mission's liquidation strategy.**

269. The Department of Peacekeeping Operations informed the Board that it was taking UNAMSIL's draw-down plan and liquidation strategy into account as it develops its global strategy for satisfying anticipated demands for material and services associated with mission start-ups in the Sudan, Burundi, Cameroon and also expansions in MINUCI.

270. UNMIBH, which also administered UNMOP, went into liquidation during the 2002/03 financial period. UNMIBH liquidation activities were formally closed off in the field on 30 June 2003. The mission handed over the residual administrative and support tasks to the Office of Mission Support with effect from 1 July 2003. The Board did not conduct a field audit of UNMIBH during the year under review since the Office of Internal Oversight Services had undertaken an audit of the mission's pre-liquidation activities in 2003. However, the accounts of UNMIBH were audited by the Board during its Headquarters audit.

271. The Office of Internal Oversight Services issued their report on UNMIBH in May 2003 to the Department of Peacekeeping Operations. The main areas of concern noted by the Office of Internal Oversight Services were that UNMIBH's liquidation plan was too rigid and could have benefited from better contingency consideration; reclassification of assets was not in accordance with the established practice endorsed by the General Assembly; and the transfer to temporary duties of key personnel, including the Chief Administrative Officer, during the early stages of the liquidation activities affected the liquidation process negatively.

272. The Office of Internal Oversight Services also noted processes they considered best practices, which at UNMIBH were as follows: assigning a personnel adviser to provide support in streamlining staffing applications and movements of international and local staff; maintaining and updating a liquidation asset tracking platform which displayed the status of remaining assets requiring disposition; and the generally satisfactory overall internal control environment, which existed during the mission's operational phase, was rolled over into the liquidation phase.

Tax status of local staff at UNMIBH

273. The Board recommended in its previous report (A/57/5, vol. II, chap. II, para. 155) that the Administration should follow up the tax status for local staff in compliance with article V of the Convention on the Privileges and Immunities of the United Nations, with the host Government.

274. The Department of Peacekeeping Operations informed the Board that the tax status of local staff had not changed despite numerous representations to the host Government's permanent mission to the United Nations. The Department in conjunction with the Office of Legal Affairs would continue to pursue this matter.

13. Fraud and presumptive fraud

275. As required under the Financial Regulations and Rules of the United Nations, the Administration reported eight cases of fraud and presumptive fraud to the Board for the financial period ended 30 June 2003. These may not reflect the entire universe of fraud cases system-wide which may be under review by other offices, units or oversight bodies.

276. The Administration informed the Board that the United Nations did not incur financial losses in the six cases reported below under (a), (b), (e) and (f). The extent of potential losses for the cases reported below under (c) and (d) has yet to be determined by the Administration since those cases were still pending:

(a) In two cases at UNMIK, cheque fraud amounting to $78,996 was perpetrated but was stopped at the bank before the funds could be misappropriated.

(b) In another case, a bank received a memorandum purporting to be an official bank transfer request from MONUC for an amount of $8,900. The memorandum was immediately detected as fraudulent and the bank did not act on the request.

(c) A person acting in the capacity of a project coordinator for a non-governmental organization (NGO) falsified and presented documentation to MONUC for payment relating to quick impact project funds. An amount of $33,484 was paid to the person. While part of the project components actually took place, the accounting and reconciliation for this project had not been fully accounted for. The NGO has taken civil action against the person involved, since the cause of the fraud was deemed to be a breakdown in their own internal controls. However, it is not certain how much of the unaccounted-for funds will be recovered.

(d) At the start-up of MONUC, large quantities of building materials and supplies from various vendors were procured without the responsible staff member having performed basic receiving and inspection procedures. Several vendors sent invoices and raised complaints when those were not paid. MONUC decided to pay them an amount totalling $75,172 after an investigation of the matter. The staff member was removed from the post of asset manager in February 2003, but there has been no recovery from the staff member to date.

(e) Two instances (UNMIBH and UNTAET) were noted in which staff members attempted to claim excess staff benefits. The claims for reimbursement were not paid.

(f) A staff member allegedly and unsuccessfully attempted to steal generator fuel at UNAMSIL headquarters in Freetown.

277. The Administration informed the Board that controls had been implemented to prevent recurrence of such cases and that, where possible, action had been taken against the individual staff members.

14. Ex gratia payments

278. The Administration informed the Board that two ex gratia payments amounting to $43,597 had been made during the financial period ended 30 June 2003 as follows:

(a) An individual who was involved in a motor accident with a United Nations vehicle claimed aftercare medical treatment amounting to $3,597;

(b) Compensation of $40,000 was paid to the mother of a deceased United Nations staff member who lost his life after being placed in a dangerous situation by the United Nations civilian police monitors.

279. The Administration further informed the Board that an amount of $40,000 was also approved for payment to the father of a staff member who lost her life while performing official duties. This payment, however, would only be made in the 2003/04 financial period.

D. Acknowledgement

280. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General, the Under-Secretary-General for Management, the Under-Secretary-General for Peacekeeping Operations and members of their staff, as well as to the staff at the peacekeeping missions.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

29 January 2004

Annex I

List of missions audited

Active peacekeeping operations

United Nations Peacekeeping Force in Cyprus (UNFICYP)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

United Nations Interim Force in Lebanon (UNIFIL)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

United Nations Mission in Bosnia and Herzegovina (UNMIBH), including United Nations Mission of Observers in Prevlaka (UNMOP)

United Nations Observer Mission in Georgia (UNOMIG)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

United Nations Interim Administration Mission in Kosovo (UNMIK)

United Nations Observer Mission in the Democratic Republic of the Congo (MONUC)

United Nations Transitional Administration in East Timor (UNTAET)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

United Nations Mission in Côte d'Ivoire (MINUCI)

Special purpose account

United Nations Peacekeeping Reserve Fund

Support account for peacekeeping operations

United Nations Logistics Base, Brindisi (UNLB)

Completed peacekeeping operations

United Nations Mission of Observers in Tajikistan (UNMOT)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

United Nations Mission in the Central African Republic (MINURCA)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

United Nations Preventive Deployment Force (UNPREDEP)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG)

United Nations Observer Mission in Liberia (UNOMIL)

United Nations Peace Forces (UNPF)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

United Nations Mission in Haiti (UNMIH)

United Nations Assistance Mission in Rwanda (UNAMIR) and United Nations Observer Mission to Uganda/Rwanda (UNOMUR)

United Nations Observer Mission in El Salvador (ONUSAL) and United Nations Observer Group in Central America (ONUCA)

United Nations Operation in Mozambique (ONUMOZ)

United Nations Operation in Somalia (UNOSOM)

United Nations Military Liaison Team in Cambodia (UNMLT)

United Nations Transitional Authority in Cambodia (UNTAC)

United Nations Transition Assistance Group (UNTAG)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Special Account for the United Nations Emergency Force (UNEF) 1956

Ad Hoc Account for the United Nations Operation in the Congo (ONUC)

Regular budget-funded missions

United Nations Truce Supervision Organization (UNTSO)

United Nations Military Observer Group in India and Pakistan (UNMOGIP)

Annex II

Table

Summary of status of implementation of recommendations for the financial period ended 30 June 2002 (A/57/5, vol. II)

Topic	*Implemented*	*Under implementation*	*Total*	***Reference to inclusion in current year report***
A. Financial issues				
Reserve fund	-	para. 21	1	**paras. 37-38**
Contingent liabilities	para. 24	-	1	**para. 39**
Trust funds	-	para. 28	1	**paras. 41-45**
Non-expendable equipment	-	para. 34	1	**paras. 46-54**
Accounts payable	-	para. 38	1	**paras. 55-56**
Accounts receivable	-	para. 41	1	**paras. 57-60**
Voluntary contributions receivable	-	para. 43	1	**paras. 61-65**
Taxation issues	-	para. 45	1	**paras. 273-274**
B. Management issues				
Contingent-owned equipment	para. 69	paras. 56, 62 and 67	4	**paras. 202-218**
Results-based budgeting	-	para. 79	1	**paras. 100-116**
Air operations	-	paras. 85, 88 and 92	3	**paras. 117-157**
Resident auditors	paras. 105 and 109	-	2	-
Insurance of vehicle fleet	para. 115	-	1	**paras. 219-223**
Procurement and contract management	para. 126	paras. 119, 121, 130, 135 and 139	6	**paras. 158-199**
Training	para. 141		1	**paras. 244-260**
Liquidations of missions	paras. 146, 158 and 161	para. 155	4	**paras. 264-274**
Project delivery	para. 170	para. 164	2	**para. 227**
Human resources	paras. 173, 176, 180 and 186	para. 183	5	**paras. 231-243**
UNMIK	para. 190	-	1	-
Status of mission agreement for offices	-	para. 192	1	**para. 201**
Total				
Number	**16**	**23**	**39**	
Percentage	**41**	**59**	**100**	

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations peacekeeping operations, comprising statements numbered I to XXXIX, schedules numbered 1.1 to 33.1, and the supporting notes for the financial period ended 30 June 2003. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position as at 30 June 2003 and the results of operations and cash flows for the period then ended, in accordance with the stated accounting policies set out in note 2 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article VII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements on the United Nations peacekeeping operations.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

Note: The members of the Board of Auditors have signed only the original English version of the audit opinion.

29 January 2004

Chapter IV

Certification of the financial statements

1. The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2002 to 30 June 2003 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to XXXIX, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

26 September 2003

Chapter V

Financial statements for the 12-month period from 1 July 2002 to 30 June 2003

Statement I

SUMMARY OF UNITED NATIONS PEACEKEEPING OPERATIONS

Summary of United Nations peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Total active operations		Peacekeeping Reserve Fund, Programme Support, Logistics Base	Total completed operations		All peacekeeping fund eliminations	Total for the period	
							1 July 2002 to 30 June 2003	1 July 2001 to 30 June 2002
Income								
Assessed contributions	2 472 257		46 902	-			2 519 159	2 679 850
Voluntary contributions	60 393		-	-			60 393	57 292
Funding from other funds	-		94 644	-		(94 644)	-	-
Allocation from other funds	-		112 984	-		(112 984)	-	-
Funding from reserves and fund balances	-		2 333	12 458			14 791	24 113
Interest income	47 233		15 476	20 067			82 776	79 012
Other/miscellaneous income	22 330		5 038	(2 301)			25 067	6 711
Total income	**2 602 213**		**277 377**	**30 224**		**(207 628)**	**2 702 186**	**2 846 978**
Total expenditure	**2 400 542**	b/	**200 807**	**12 458**	b/	**(112 984)**	**2 500 823**	**2 571 642**
Excess (shortfall) of income over expenditure	**201 671**		**76 570**	**17 766**		**(94 644)**	**201 363**	**275 336**
Prior-period adjustments	(666)		(6)	(504)		-	(1 176)	(636)
Net excess (shortfall) of income over expenditure	**201 005**		**76 564**	**17 262**		**(94 644)**	**200 187**	**274 700**
Savings on or cancellation of prior-period obligations	56 722		1 470	15 275			73 467	115 527
Credits returned to Member States	(267 635)		-	(101 735)			(369 370)	(422 946)
Transfers from reserves and fund balances	-		(2 333)	(12 458)			(14 791)	(24 113)
Transfer from (to) other funds	-		(14 138)	(80 506)		94 644	-	-
Reserves and fund balances, beginning of period	**626 842**		**212 234**	**769 012**		-	**1 608 088**	**1 664 920**
Reserves and fund balances, end of period	**616 934**		**273 797**	**606 850**		-	**1 497 581**	**1 608 088**

a/ See note 5.

b/ Schedule 1.1.

The accompanying notes are an integral part of the financial statements.

United Nations peacekeeping operations

Summary of expenditures for active peacekeeping operations for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

		Expenditure						
Mission	*Appropriation*	*Military and police personnel*	*Civilian personnel*	*Operational requirements*	*Prorated costs of UNLB and support account*	*Voluntary contributions (budgeted)*	*Total expenditure*	*Unencumbered balance*
UNFICYP	46 954	22 583	10 016	11 045	1 980	1 271	46 895	59
UNDOF	40 760	19 309	6 893	12 774	1 768	-	40 744	16
UNIFIL	117 456	51 099	34 835	21 663	5 081	-	112 678	4 778
UNIKOM	55 634	17 527	15 847	9 105	2 293	25	44 797	10 837
MINURSO	47 084	6 214	18 192	14 003	1 884	2 567	42 860	4 224
UNMIBH	82 176	16 294	42 677	11 336	3 562	48	73 917	8 259
UNOMIG	33 144	3 346	14 595	10 881	1 438	-	30 260	2 884
UNAMSIL	699 838	371 634	49 426	182 025	30 362	-	633 447	66 391
UNMIK	344 966	115 209	170 595	44 164	14 966	-	344 934	32
MONUC	611 072	156 971	93 522	229 457	26 392	1 780	508 122	102 950
UNTAET/UNMISET	305 303	131 110	64 806	92 025	13 243	60	301 244	4 059
UNMEE	230 845	102 878	31 042	75 699	10 015	-	219 634	11 211
MINUCI	-	110	324	576	-	-	1 010	(1 010)
MONUA	12 458	12 458	-	-	-	-	12 458	-
Subtotal	2 627 690	1 026 742	552 770	714 753	112 984	5 751	2 413 000	214 690
UNLB - SDS a/	141 546	-	-	88 902	-	-	88 902	52 644
UNLB - SDS replenishment	3 001 b/	-	-	311	-	-	311	2 690
Total	**2 772 237**	**1 026 742**	**552 770**	**803 966**	**112 984**	**5 751**	**2 502 213** c/	**270 024**

a/ Purchase of strategic deployment stocks (SDS) pursuant to General Assembly resolution 56/292 of 27 June 2002.

b/ Represents transfer of SDS to peacekeeping missions and other United Nations organizations, thereby generating funds for SDS replenishment.

	(Thousands of United States dollars)
c/ Total expenditure per Schedule 1.1	2 502 213
Less: pro-rated costs of UNLB and Support Account per Schedule 1.1	(112 984)
Add: actual costs of UNLB and Support Account per Schedules 18.1 and 19.1	111 593
Add: actual expenditure of United Nations Peacekeeping Reserve Fund per Statement XVII	1
Total expenditure as per Statement 1	2 500 823

Statement II

Summary of United Nations peacekeeping operations a/

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003
(Thousands of United States dollars)

	Total active operations	*Peacekeeping Reserve Fund, Programme Support, Logistics Base*	*Total completed operations*	*All peacekeeping funds eliminations*	*Total*	
					2003	*2002*
Assets						
Cash and term deposits	38 468	1 401	4 958		44 827	42 860
Cash pool b/	1 007 472	289 076	376 018		1 672 566	1 688 119
Assessed contributions receivable from Member States c/	508 272	38 550	530 703		1 077 525	1 248 910
Special accounts for unpaid assessed contributions	55 552	-	11 962		67 514	67 514
Voluntary contributions receivable	37 571	-	-		37 571	11 905
Accounts receivable from Member States	3 850	-	135 850 d/		139 700	140 100
Other accounts receivable	15 839	3 955	1 658		21 452	17 391
Inter-fund balances receivable	5 353	-	1 793		7 146	5 309
Due from other peacekeeping funds	-	12 820	12 816	(25 636)	-	-
Due from the International Criminal Tribunal for Former Yugoslavia	-	-	2 000		2 000	-
Deferred charges	1 999	541	128		2 668	3 461
Inter-office transactions pending processing	642	4	13		659	601
Other assets		-	2 849		2 849	2 849
Total assets	**1 675 018**	**346 347**	**1 080 748**	**(25 636)**	**3 076 477**	**3 229 019**
Liabilities						
Contributions or payments received in advance	3 467	99	419		3 985	4 518
Unliquidated obligations	794 734	60 354	25 871		880 959	904 525
Accounts payable to Member States	194 587	-	227 147		421 734	421 151
Other accounts payable	37 140	8 727	4 206		50 073	55 289
Inter-fund balances payable	14 715	2 955	1 016		18 686	32 579
Due to other peacekeeping funds	-	-	25 636	(25 636)	-	-
Due to United Nations Special Account	-	-	3 329		3 329	3 329
Due to United Nations Bond Account	-	-	44 048		44 048	44 048
Voluntary contributions held in suspense	11 984	-	-		11 984	11 178
Deferred credits	1 261	415	128 317	d/	129 993	130 082
Inter-office transactions pending processing	196	-	-		196	323
Other liabilities		-	13 909		13 909	13 909
Total liabilities	**1 058 084**	**72 550**	**473 898**	**(25 636)**	**1 578 896**	**1 620 931**
Reserves and fund balances						
Working capital funds	-	150 000	-		150 000	150 000
Authorized retained surplus	118 865	-	79 009		197 874	184 081
Surplus to be transferred e/	-	-	43 750		43 750	141 546
Cumulative surplus - Strategic Deployment Stock activities	-	55 334	-		55 334	-
Cumulative surplus	498 069	68 463	484 091		1 050 623	1 132 461
Total reserves and fund balances	**616 934**	**273 797**	**606 850**	**-**	**1 497 581**	**1 608 088**
Total liabilities, reserves and fund balances	**1 675 018**	**346 347**	**1 080 748**	**(25 636)**	**3 076 477**	**3 229 019**

a/ See note 5.

b/ See note 2(l)(ii).

c/ Includes assessed contributions unpaid irrespective of collectability.

d/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

e/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $43,750,015 shall be returned to Member States upon their settlement of the separate assessment for strategic deployment stocks.

The accompanying notes are an integral part of the financial statements.

Statement III

Summary of United Nations peacekeeping operations a/

Statement of cash flows for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Period	
	1 July 2002 to 30 June 2003	*1 July 2001 to 30 June 2002*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	200 187	274 700
(Increase) decrease in contributions receivable	145 719	1 105 613
(Increase) decrease in other accounts receivable	(3 661)	14 344
(Increase) decrease in other assets	(1 265)	(576)
Increase (decrease) in contributions or payments received in advance	(533)	2 614
Increase (decrease) in unliquidated obligations	(23 566)	(164 016)
Increase (decrease) in accounts payable	(4 633)	(256 945)
Increase (decrease) in other liabilities	590	(1 187)
Less: Interest income	(82 776)	(79 012)
Net cash from operating activities	**230 062**	**895 535**
Cash flows from investing and financing activities		
(Increase) decrease in inter-fund balances receivable	(1 837)	(2 607)
Increase (decrease) in inter-fund balances payable	(13 893)	(38 620)
(Increase) decrease in cash pool	15 553	(598 248)
Plus: Interest income	82 776	79 012
Net cash from investing and financing	**82 599**	**(560 463)**
Cash flows from other sources		
Savings on, or cancellation of, prior period obligations	73 467	115 527
Credits to Member States	(369 370)	(422 946)
Transfers from reserves and fund balances	(14 791)	(24 113)
Net cash from other sources	**(310 694)**	**(331 532)**
Net increase (decrease) in cash and term deposits	1 967	3 540
Cash and term deposits, beginning of period	42 860	39 320
Cash and term deposits, end of period	**44 827**	**42 860**

a/ See note 5.

The accompanying notes are an integral part of the financial statements.

Statement IV

ACTIVE PEACEKEEPING OPERATIONS

United Nations Peacekeeping Force in Cyprus (UNFICYP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	24 554	22 324
Voluntary contributions c/	22 350	21 422
Interest income	687	822
Other/miscellaneous income	149	191
Total income	**47 740**	**44 759**
Total expenditure (schedule 4.1)	**46 895**	**43 015**
Excess (shortfall) of income over expenditure	**845**	**1 744**
Prior-period adjustments d/	(77)	-
Net excess (shortfall) of income over expenditure	**768**	**1 744**
Savings on or cancellation of prior-period obligations	1 166	3 638
Credits returned to Member States e/	(5 382)	(2 742)
Reserves and fund balances, beginning of period	26 920	24 280
Reserves and fund balances, end of period f/	**23 472**	**26 920**

Statement IV (concluded)

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	2 374	2 633
Cash pool g/	5 444	18 075
Assessed contributions receivable from Member States b/	13 665	13 663
Voluntary contributions receivable from Member States h/	15 198	6 415
Accounts receivable from Member States	537	971
Other accounts receivable	417	221
Deferred charges	141	192
Inter-office transactions pending processing	7	-
Total assets	**37 783**	**42 170**
Liabilities		
Contributions or payments received in advance	245	310
Unliquidated obligations - current period	10 619	7 931
Unliquidated obligations - prior periods	543	2 127
Accounts payable to Member States i/	2 153	4 514
Other accounts payable	411	132
Inter-fund balances payable	271	200
Deferred credits	69	36
Total liabilities	**14 311**	**15 250**
Reserves and fund balances		
Cumulative surplus	23 472	26 920
Total reserves and fund balances	**23 472**	**26 920**
Total liabilities and reserves and fund balances	**37 783**	**42 170**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Includes voluntary contributions payable in cash of $14,578,900 from Cyprus and $6,500,000 from Greece, for which budgetary provisions were made. In addition, voluntary contributions in kind were received from Cyprus ($1,211,175) and Australia ($60,000), for which budgetary provisions were made.

d/ Represents $68,938 due from a Member State that was offset against its unrecorded obligation (arising from the shortfall in voluntary contributions for the period prior to 15 June 1993, as described in footnote f/) and credits to new Member States of $88,629, offset by other adjustments of $364.

e/ Under the terms of General Assembly resolution 57/332 of 18 June 2003, the total credits returned to Member States were $5,381,600, comprising excess of income over expenditure ($1,743,600) and savings from prior period obligations ($3,638,000), for the period ended 30 June 2002. Of the total, $2,747,000 was returned to all Member States in respect of their assessments for the period ended 30 June 2003. In addition, the amounts of $1,781,200 and $853,400 were returned to Cyprus and Greece, respectively, in respect of their voluntary contributions.

f/ For the period from 27 March 1964 to 15 June 1993, obligations recorded in the UNFICYP account are limited to the availability of funds in the special account through voluntary contributions. From the inception of the mission to 30 June 2003, the cumulative unrecorded obligations totalled $188,862,303. The change from the comparable figure as at 30 June 2002 of $167,254,245 is due to exchange rate movements partly offset by reduction of $68,938 in respect of the amount due to a Member State, as referred to in footnote d/.

g/ Represents share of the cash pool and comprises cash and term deposits of $832,744, short-term investments of $19,490 (market value $20,144), long-term investments of $4,559,460 (market value $4,591,695) and accrued interest receivable of $32,694.

h/ Represents voluntary contributions receivable in cash in respect of the period ended 30 June 2003 of $8,782,917 (Cyprus $6,115,483 and Greece $2,667,434) and voluntary contributions receivable in respect of the period prior to 15 June 1993 of $6,414,505 (Austria $2,707,500, Denmark $2,059,209, the Netherlands $125,000 and Sweden $1,522,796).

i/ Includes $724,700 representing claim from a Member State pending settlement that has been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 4.1

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	23 237	14 798	7 785	22 583	654
Civilian personnel	9 431	9 940	76	10 016	(585)
Operational requirements	10 985	8 287	2 758	11 045	(60)
Subtotal	**43 653**	**33 025**	**10 619**	**43 644**	**9**
Prorated costs					
United Nations Logistics Base	212	212	-	212	-
Support account for peacekeeping operations	1 768	1 768	-	1 768	-
Subtotal	**1 980**	**1 980**	**-**	**1 980**	**-**
Voluntary contributions in kind (budgeted)	1 321	1 271	-	1 271	50
Total	**46 954**	**36 276**	**10 619**	**46 895**	**59**

Statement V

United Nations Emergency Force (UNEF) 1973
and United Nations Disengagement Observer Force (UNDOF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	40 760	35 690
Interest income	1 190	1 292
Other/miscellaneous income	240	214
Total income	**42 190**	**37 196**
Total expenditure (schedule 5.1)	**40 744**	**35 576**
Excess (shortfall) of income over expenditure	**1 446**	**1 620**
Prior-period adjustments	(9)	126
Net excess (shortfall) of income over expenditure	**1 437**	**1 746**
Savings on or cancellation of prior-period obligations	454	869
Credits returned to Member States c/	(2 488)	(2 839)
Reserves and fund balances, beginning of period	59 033	59 257
Reserves and fund balances, end of period	**58 436**	**59 033**

Statement V (concluded)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits d/	2 054	1 267
Cash pool e/	21 270	20 204
Assessed contributions receivable from Member States b/	14 098	15 420
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	35 987	35 987
Accounts receivable from Member States	319	275
Other accounts receivable	215	197
Inter-fund balances receivable	-	196
Deferred charges	70	114
Inter-office transactions pending processing	11	6
Total assets	**74 024**	**73 666**
Liabilities		
Contributions or payments received in advance	76	330
Unliquidated obligations - current period	10 495	7 922
Unliquidated obligations - prior periods	1 597	1 190
Accounts payable to Member States	1 292	4 743
Other accounts payable	410	301
Inter-fund balances payable	1 647	-
Deferred credits	71	147
Total liabilities	**15 588**	**14 633**
Reserves and fund balances		
Authorized retained surplus f/	35 987	35 987
Cumulative surplus	22 449	23 046
Total reserves and fund balances	**58 436**	**59 033**
Total liabilities, reserves and fund balances	**74 024**	**73 666**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/324 of 18 June 2003, the total assessment on Member States was reduced by $2,488,400, comprising excess of income over expenditure ($1,619,400) and savings from prior period obligations ($869,000) for the period ended 30 June 2002.

d/ Includes $247,956 equivalent of non-convertible Syrian pounds.

e/ Represents share of the cash pool and comprises cash and term deposits of $3,253,270, short-term investments of $76,140 (market value $78,695), long-term investments of $17,812,372 (market value $17,938,305) and accrued interest receivable of $127,723.

f/ See note 6.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

United Nations Disengagement Observer Force (UNDOF)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	19 451	15 656	3 653	19 309	142
Civilian personnel	6 630	6 858	35	6 893	(263)
Operational requirements	12 911	5 967	6 807	12 774	137
Subtotal	**38 992**	**28 481**	**10 495**	**38 976**	**16**
Prorated costs					
United Nations Logistics Base	189	189	-	189	-
Support account for peacekeeping operations	1 579	1 579	-	1 579	-
Subtotal	**1 768**	**1 768**	**-**	**1 768**	**-**
Total	**40 760**	**30 249**	**10 495**	**40 744**	**16**

Statement VI

United Nations Interim Force in Lebanon (UNIFIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	117 124	143 908
Voluntary contributions	-	201
Interest income	6 637	6 718
Other/miscellaneous income	1 603	305
Total income	**125 364**	**151 132**
Total expenditure (schedule 6.1)	**112 678**	**138 405**
Excess (shortfall) of income over expenditure	**12 686**	**12 727**
Prior-period adjustments c/	(68)	-
Net excess (shortfall) of income over expenditure	**12 618**	**12 727**
Savings on or cancellation of prior-period obligations	3 171	8 135
Credits returned to Member States d/	(20 862)	(35 825)
Reserves and fund balances, beginning of period	169 627	184 590
Reserves and fund balances, end of period	**164 554**	**169 627**

Statement VI (concluded)

United Nations Interim Force in Lebanon (UNIFIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	583	1 306
Cash pool e/	125 966	145 978
Assessed contributions receivable from Member States b/	71 834	84 324
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	19 565	19 565
Accounts receivable from Member States	1 740	1 554
Other accounts receivable	1 124	995
Inter-fund balances receivable	135	-
Deferred charges	382	476
Inter-office transactions pending processing	23	149
Total assets	**221 352**	**254 347**
Liabilities		
Contributions or payments received in advance	573	21
Unliquidated obligations - current period	21 360	35 444
Unliquidated obligations - prior periods	9 827	9 881
Accounts payable to Member States	11 744	25 139
Other accounts payable	1 212	1 801
Voluntary contributions held in suspense f/	11 984	11 178
Inter-fund balances payable	-	1 158
Deferred credits	96	82
Inter-office transactions pending processing	2	16
Total liabilities	**56 798**	**84 720**
Reserves and fund balances		
Authorized retained surplus g/	82 878	82 878
Cumulative surplus	81 676	86 749
Total reserves and fund balances	**164 554**	**169 627**
Total liabilities and reserves and fund balances	**221 352**	**254 347**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents credits to new Member States of $67,726 for the period ended 30 June 2002.

d/ Under the terms of General Assembly resolution 57/325 of 18 June 2003, the total assessment on Member States was reduced by $20,861,900, comprising excess of income over expenditure $12,726,900 and savings from prior period obligations $8,135,000 for the period ended 30 June 2002.

e/ Represents share of the cash pool and comprises cash and term deposits of $19,267,129, short-term investments of $450,928 (market value $466,062) long-term investments of $105,491,784 (market value $106.237,612) and accrued interest receivable of $756,428.

f/ Received from Cyprus, Kuwait, Luxembourg, Oman, the Seychelles and Switzerland.

g/ See note 7.

The accompanying notes are an integral part of the financial statements.

Schedule 6.1

United Nations Interim Force in Lebanon (UNIFIL)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	53 585	40 320	10 779	51 099	2 486
Civilian personnel	34 289	32 359	2 476	34 835	(546)
Operational requirements	24 168	13 558	8 105	21 663	2 505
Subtotal	**112 042**	**86 237**	**21 360**	**107 597**	**4 445**
Prorated costs					
United Nations Logistics Base	543	543	-	543	-
Support account for peacekeeping operations	4 538	4 538	-	4 538	-
Subtotal	**5 081**	**5 081**	**-**	**5 081**	**-**
Voluntary contributions in kind (budgeted)	333	-	-	-	333
Total	**117 456**	**91 318**	**21 360**	**112 678**	**4 778**

Statement VII

United Nations Iraq-Kuwait Observation Mission (UNIKOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	19 308	19 163
Voluntary contributions c/	33 583	33 699
Interest income	2 545	2 910
Other/miscellaneous income	946	109
Total income	**56 382**	**55 881**
Total expenditure (schedule 7.1)	**44 797**	**50 389**
Excess (shortfall) of income over expenditure	**11 585**	**5 492**
Prior-period adjustments	(6)	-
Net excess (shortfall) of income over expenditure	**11 579**	**5 492**
Savings on or cancellation of prior-period obligations	1 078	952
Credits returned to Member States	-	(6 585)
Reserves and fund balances, beginning of period	48 744	48 885
Reserves and fund balances, end of period	**61 401**	**48 744**

Statement VII (concluded)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	1 190	345
Cash pool d/	37 011	52 566
Assessed contributions receivable from Member States b/	9 632	12 199
Voluntary contribution receivable from a Member State c/	22 373	5 490
Accounts receivable from Member States	4	3
Other accounts receivable	166	132
Deferred charges	34	82
Inter-office transactions pending processing	9	-
Total assets	**70 419**	**70 817**
Liabilities		
Contributions or payments received in advance	12	5
Unliquidated obligations - current period	4 259	11 429
Unliquidated obligations - prior periods	3 992	3 000
Accounts payable to Member States	449	6 666
Other accounts payable	202	54
Inter-fund balances payable	28	846
Deferred credits	16	13
Inter-office transactions pending processing	60	60
Total liabilities	**9 018**	**22 073**
Reserves and fund balances		
Cumulative surplus	61 401	48 744
Total reserves and fund balances	**61 401**	**48 744**
Total liabilities and reserves and fund balances	**70 419**	**70 817**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Voluntary contributions from Kuwait amounted to $33,583,700, of which $11,186,233 was received in cash, $25,000 was received in kind, and the remaining amount of $22,372,467 was outstanding as at 30 June 2003. The voluntary contribution in kind was made for medical supplies, for which budgetary provisions were made.

d/ Represents share of the cash pool and comprises cash and term deposits of $5,661,018, short-term investments of $132,491 (market value $136,937), long-term investments of $30,995,324 (market value $31,214,461) and accrued interest receivable of $222,252.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	20 464	15 816	1 711	17 527	2 937
Civilian personnel	15 737	15 610	237	15 847	(110)
Operational requirements	14 373	6 794	2 311	9 105	5 268
Subtotal	**50 574**	**38 220**	**4 259**	**42 479**	**8 095**
Prorated costs					
United Nations Logistics Base	245	245	-	245	-
Support account for peacekeeping operations	2 048	2 048	-	2 048	-
Subtotal	**2 293**	**2 293**	-	**2 293**	-
Voluntary contributions in kind (budgeted)	2 767	25	-	25	2 742
Total	**55 634**	**40 538**	**4 259**	**44 797**	**10 837**

Statement VIII

United Nations Mission for the Referendum in Western Sahara (MINURSO) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	1 July 2001-30 June 2002
Income		
Assessed contributions b/	43 413	50 481
Voluntary contributions c/	2 567	1 806
Interest income	177	910
Other/miscellaneous income	170	51
Total income	**46 327**	**53 248**
Total expenditure (schedule 8.1)	**42 860**	**42 528**
Excess (shortfall) of income over expenditure	3 467	10 720
Prior-period adjustments	(36)	(2)
Net excess (shortfall) of income over expenditure	**3 431**	**10 718**
Savings on or cancellation of prior-period obligations	2 522	1 567
Credits returned to Member States d/	(12 290)	(5 810)
Reserves and fund balances, beginning of period	38 666	32 191
Reserves and fund balances, end of period	**32 329**	**38 666**

Statement VIII (concluded)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits e/	894	1 224
Cash pool f/	1 624	5 273
Assessed contributions receivable from Member States b/	41 643	48 499
Accounts receivable from Member States	65	221
Other accounts receivable	141	338
Deferred charges	120	105
Inter-office transactions pending processing	22	1
Total assets	**44 509**	**55 661**
Liabilities		
Contributions or payments received in advance	3	1
Unliquidated obligations - current period	5 829	3 421
Unliquidated obligations - prior periods	766	2 273
Accounts payable to Member States	3 651	1 679
Other accounts payable	526	441
Inter-fund balances payable	1 336	1 127
Due to United Nations Mission in Haiti	-	8 000
Deferred credits	54	31
Inter-office transactions pending processing	15	22
Total liabilities	**12 180**	**16 995**
Reserves and fund balances		
Cumulative surplus	32 329	38 666
Total reserves and fund balances	**32 329**	**38 666**
Total liabilities and reserves and fund balances	**44 509**	**55 661**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Morocco, Algeria and the Frente POLISARIO amounting to $2,050,001, $317,394 and $200,000, respectively, for which budgetary provisions have been made for meals, facilities, transportation, air operations and other miscellaneous services.

d/ Under the terms of General Assembly resolution 57/331 of 18 June 2003, the total assessment on Member States was reduced by $12,289,500, comprising excess income over expenditure ($10,720,400), savings from prior period obligations ($1,567,000) and adjustment ($2,100), for the period ended 30 June 2002.

e/ Includes $173,642 equivalent of non-convertible Moroccan dirhams.

f/ Represents share of the cash pool and comprises cash and term deposits of $248,429, short-term investments of $5,814 (market value $6,009), long-term investments of $1,360,203 (market value $1,369,819) and accrued interest receivable of $9,753.

The accompanying notes are an integral part of the financial statements.

Schedule 8.1

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	7 300	5 405	809	6 214	1 086
Civilian personnel	21 635	18 099	93	18 192	3 443
Operational requirements	12 594	9 076	4 927	14 003	(1 409)
Subtotal	**41 529**	**32 580**	**5 829**	**38 409**	**3 120**
Prorated costs					
United Nations Logistics Base	202	202	-	202	-
Support account for peacekeeping operations	1 682	1 682	-	1 682	-
Subtotal	**1 884**	**1 884**	**-**	**1 884**	**-**
Voluntary contributions in kind (budgeted)	3 671	2 567	-	2 567	1 104
Total	**47 084**	**37 031**	**5 829**	**42 860**	**4 224**

Statement IX

United Nations Mission in Bosnia and Herzegovina (UNMIBH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	82 106	144 677
Voluntary contribution c/	48	104
Interest income	591	1 994
Other/miscellaneous income	6 713	602
Total income	**89 458**	**147 377**
Total expenditure (schedule 9.1)	**73 917**	**135 499**
Net excess (shortfall) of income over expenditure	**15 541**	**11 878**
Savings on or cancellation of prior-period obligations	1 299	3 143
Credits returned to Member States d/	(15 020)	(18 069)
Reserves and fund balances, beginning of period	57 875	60 923
Reserves and fund balances, end of period	**59 695**	**57 875**

Statement IX (concluded)

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	2 988	2 485
Cash pool e/	25 199	14 492
Assessed contributions receivable from Member States b/	46 484	53 353
Accounts receivable from Member States	12	15
Other accounts receivable	1 238	499
Inter-fund balances receivable	1 131	3 361
Deferred charges	47	117
Inter-office transactions pending processing	163	28
Total assets	**77 262**	**74 350**
Liabilities		
Contributions or payments received in advance	70	513
Unliquidated obligations - current period	3 918	4 874
Unliquidated obligations - prior periods	2 312	1 940
Accounts payable to Member States	10 645	7 869
Other accounts payable	443	1 011
Deferred credits	174	258
Inter-office transactions pending processing	5	10
Total liabilities	**17 567**	**16 475**
Reserves and fund balances		
Cumulative surplus	59 695	57 875
Total reserves and fund balances	**59 695**	**57 875**
Total liabilities and reserves and fund balances	**77 262**	**74 350**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind from Bosnia and Herzegovina relating to airport fees of $48,000 for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 57/334 of 18 June 2003, the total assessment on Member States was reduced by $15,020,400, comprising excess of income over expenditure ($11,877,400) and savings from prior period obligations ($3,143,000) for the period ended 30 June 2002.

e/ Represents share of the cash pool and comprises cash and term deposits of $3,854,231, short-term investments of $90,205 (market value $93,232), long-term investments of $21,102,765 (market value $21,251,962) and accrued interest receivable of $151,317.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	19 175	16 162	132	16 294	2 881
Civilian personnel	40 684	41 856	821	42 677	(1 993)
Operational requirements	18 685	8 371	2 965	11 336	7 349
Subtotal	**78 544**	**66 389**	**3 918**	**70 307**	**8 237**
Prorated costs					
United Nations Logistics Base	381	381	-	381	-
Support account for peacekeeping operations	3 181	3 181	-	3 181	-
Subtotal	**3 562**	**3 562**	-	**3 562**	-
Voluntary contributions in kind (budgeted)	70	48	-	48	22
Total	**82 176**	**69 999**	**3 918**	**73 917**	**8 259**

Statement X

United Nations Observer Mission in Georgia (UNOMIG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	33 144	27 896
Interest income	271	372
Other/miscellaneous income	220	37
Total income	**33 635**	**28 305**
Total expenditure (schedule 10.1)	**30 260**	**26 186**
Excess (shortfall) of income over expenditure	**3 375**	**2 119**
Prior-period adjustments	(9)	-
Net excess (shortfall) of income over expenditure	**3 366**	**2 119**
Savings on or cancellation of prior-period obligations	730	568
Credits returned to Member States c/	(2 687)	(5 766)
Reserves and fund balances, beginning of period	8 504	11 583
Reserves and fund balances, end of period	**9 913**	**8 504**

Statement X (concluded)

United Nations Observer Mission in Georgia (UNOMIG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	1 047	2 061
Cash pool d/	7 157	6 321
Assessed contributions receivable from Member States b/	7 982	6 548
Other accounts receivable	141	102
Deferred charges	42	14
Inter-office transactions pending processing	13	12
Total assets	**16 382**	**15 058**
Liabilities		
Contributions or payments received in advance	3	4
Unliquidated obligations - current period	3 652	2 491
Unliquidated obligations - prior periods	346	270
Accounts payable to Member States	1 320	2 599
Other accounts payable	812	702
Inter-fund balances payable	312	476
Deferred credits	24	12
Total liabilities	**6 469**	**6 554**
Reserves and fund balances		
Cumulative surplus	9 913	8 504
Total reserves and fund balances	**9 913**	**8 504**
Total liabilities and reserves and fund balances	**16 382**	**15 058**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/333 of 18 June 2003, the total assessment to Member States was reduced by $2,687,000 comprising excess of income over expenditure ($2,119,000) and savings from prior period obligations ($568,000), for the period ended 30 June 2002.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,094,757, short-term investments of $25,622 (market value $26,482), long-term investments of $5,994,039 (market value $6,036,417) and accrued interest receivable of $42,980.

The accompanying notes are an integral part of the financial statements.

Schedule 10.1

United Nations Observer Mission in Georgia (UNOMIG)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	3 441	3 165	181	3 346	95
Civilian personnel	15 101	14 447	148	14 595	506
Operational requirements	13 164	7 558	3 323	10 881	2 283
Subtotal	**31 706**	**25 170**	**3 652**	**28 822**	**2 884**
Prorated costs					
United Nations Logistics Base	154	154	-	154	-
Support account for peacekeeping operations	1 284	1 284	-	1 284	-
Subtotal	**1 438**	**1 438**	**-**	**1 438**	**-**
Total	**33 144**	**26 608**	**3 652**	**30 260**	**2 884**

Statement XI

United Nations Mission in Sierra Leone (UNAMSIL) and
United Nations Observer Mission in Sierra Leone (UNOMSIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	622 469	676 603
Interest income	16 517	9 888
Other income	3 265	616
Total income	**642 251**	**687 107**
Total expenditure (schedule 11.1)	**633 447**	**643 249**
Excess (shortfall) of income over expenditure	**8 804**	**43 858**
Prior-period adjustments c/	(179)	-
Net excess (shortfall) of income over expenditure	**8 625**	**43 858**
Savings on or cancellation of prior-period obligations	7 620	12 703
Credits returned to Member States d/	(56 561)	(34 951)
Reserves and fund balances, beginning period	58 883	37 273
Reserves and fund balances, end of period	**18 567**	**58 883**

Statement XI (concluded)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits e/	2 728	688
Cash pool f/	321 522	349 950
Assessed contributions receivable from Member States b/	93 669	141 097
Accounts receivable from Member States	7	92
Other accounts receivable	1 002	1 183
Deferred charges	206	233
Inter-office transactions pending processing	93	-
Total assets	**419 227**	**493 243**
Liabilities		
Contributions or payments received in advance	71	13
Unliquidated obligations - current period	209 257	251 782
Unliquidated obligations - prior periods	123 164	109 588
Accounts payable to Member States	59 164	60 316
Other accounts payable	7 558	10 636
Inter-fund balances payable	1 303	1 872
Deferred credits	139	150
Inter-office transactions pending processing	4	3
Total liabilities	**400 660**	**434 360**
Reserves and fund balances		
Cumulative surplus	18 567	58 883
Total reserves and fund balances	**18 567**	**58 883**
Total liabilities and reserves and fund balances	**419 227**	**493 243**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents credits to new Member States of $178,548 for the period ended 30 June 2002.

d/ Under the terms of the General Assembly resolution 57/291 B of 18 June 2003, the total assessment to Member States was reduced by $56,560,600, comprising excess of income over expenditure ($43,857,600) and savings from prior period obligations ($12,703,000), for the period ended 30 June 2002.

e/ Includes $36,249 equivalent of non-convertible Sierra-Leonean leones.

f/ Represents share of the cash pool and comprises cash and term deposits of $49,178,360, short-term investments of $1,150,973 (market value $1,189,599), long-term investments of $269,262,379 (market value $271,166,066) and accrued interest receivable of $1,930,743.

The accompanying notes are an integral part of the financial statements.

Schedule 11.1

United Nations Mission in Sierra Leone (UNAMSIL)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	408 358	261 096	110 538	371 634	36 724
Civilian personnel	60 653	49 117	309	49 426	11 227
Operational requirements	200 465	83 615	98 410	182 025	18 440
Subtotal	**669 476**	**393 828**	**209 257**	**603 085**	**66 391**
Prorated costs					
United Nations Logistics Base	3 248	3 248	-	3 248	-
Support account for peacekeeping operations	27 114	27 114	-	27 114	-
Subtotal	**30 362**	**30 362**	**-**	**30 362**	**-**
Total	**699 838**	**424 190**	**209 257**	**633 447**	**66 391**

Statement XII

United Nations Interim Administration Mission in Kosovo (UNMIK) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	344 966	413 362
Voluntary contributions c/	5	-
Interest income	3 145	7 623
Other/miscellaneous income	2 639	1 478
Total income	**350 755**	**422 463**
Total expenditure (schedule 12.1)	**344 934**	**373 610**
Net excess (shortfall) of income over expenditure	**5 821**	**48 853**
Savings on or cancellation of prior-period obligations	4 983	14 773
Credits returned to Member States d/	(63 626)	(95 579)
Reserves and fund balances, beginning of period	67 204	99 157
Reserves and fund balances, end of period	**14 382**	**67 204**

Statement XII (concluded)

United Nations Interim Administration Mission in Kosovo (UNMIK)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits e/	1 558	1 456
Cash pool f/	46 441	118 671
Assessed contributions receivable from Member States b/	51 388	48 697
Accounts receivable from Member States	14	14
Other accounts receivable	1 156	1 992
Deferred charges	102	208
Inter-office transactions pending processing	50	22
Total assets	**100 709**	**171 060**
Liabilities		
Contributions or payments received in advance	2 322	76
Unliquidated obligations - current period	22 317	33 431
Unliquidated obligations - prior periods	6 655	4 773
Accounts payable to Member States	48 916	48 000
Other accounts payable	1 514	6 086
Inter-fund balances payable	4 378	11 116
Deferred credits	219	366
Inter-office transactions pending processing	6	8
Total liabilities	**86 327**	**103 856**
Reserves and fund balances		
Cumulative surplus	14 382	67 204
Total reserves and fund balances	**14 382**	**67 204**
Total liabilities, reserves and fund balances	**100 709**	**171 060**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in cash of $5,319 from Luxembourg for which budgetary provisions were not made.

d/ Under the terms of General Assembly resolution 57/326 of 18 June 2003, the total assessment on Member States was reduced by $63,626,000, comprising excess of income over expenditure ($48 853,000) and savings from prior period obligations ($14,773,000) for the period ended 30 June 2002.

e/ Includes $27,975 equivalent of non-convertible Macedonian denar and $3,865 equivalent of non-convertible Yugoslav dinar.

f/ Represents share of the cash pool and comprises cash and term deposits of $7,103,300, short-term investments of $166,246 (market value $171,825), long-term investments of $38,892,135 (market value $39,167,103) and accrued interest receivable of $278,876.

The accompanying notes are an integral part of the financial statements.

Schedule 12.1

United Nations Interim Administration Mission in Kosovo (UNMIK)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	118 916	102 464	12 745	115 209	3 707
Civilian personnel	166 309	169 539	1 056	170 595	(4 286)
Operational requirements	44 775	35 648	8 516	44 164	611
Subtotal	**330 000**	**307 651**	**22 317**	**329 968**	**32**
Prorated costs					
United Nations Logistics Base	1 601	1 601	-	1 601	-
Support account for peacekeeping operations	13 365	13 365	-	13 365	-
Subtotal	**14 966**	**14 966**	**-**	**14 966**	**-**
Total	**344 966**	**322 617**	**22 317**	**344 934**	**32**

Statement XIII

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	608 325	462 475
Voluntary contributions c/	1 780	-
Interest income	6 547	4 114
Other/miscellaneous income	2 464	450
Total income	**619 116**	**467 039**
Total expenditure (schedule 13.1)	**508 122**	**401 302**
Excess (shortfall) of income over expenditure	**110 994**	**65 737**
Prior-period adjustments d/	(136)	-
Net excess (shortfall) of income over expenditure	**110 858**	**65 737**
Savings on or cancellation of prior-period obligations	22 581	18 421
Credits returned to Member States e/	(43 158)	(30 784)
Reserves and fund balances, beginning of period	43 324	(10 050)
Reserves and fund balances, end of period	**133 605**	**43 324**

Statement XIII (concluded)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	12 999	12 001
Cash pool f/	254 012	93 287
Assessed contributions receivable from Member States b/	56 102	94 346
Accounts receivable from Member States	14	2
Other accounts receivable	8 539	2 546
Deferred charges	690	636
Inter-office transactions pending processing	161	193
Total assets	**332 517**	**203 011**
Liabilities		
Contributions or payments received in advance	27	282
Unliquidated obligations - current period	148 251	126 875
Unliquidated obligations - prior period	9 703	687
Accounts payable to Member States	22 029	12 943
Other accounts payable g/	14 634	16 675
Inter-fund balances payable	4 055	2 027
Deferred credits	135	172
Inter-office transactions pending processing	78	26
Total liabilities	**198 912**	**159 687**
Reserves and fund balances		
Cumulative surplus (deficit)	133 605	43 324
Total reserves and fund balances	**133 605**	**43 324**
Total liabilities and reserves and fund balances	**332 517**	**203 011**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Fondation Hirondelle for assistance in the establishment and operation of Radio Okapi, for which budgetary provisions were made.

d/ Represents credits to new Member States of $136,050 for the period ended 30 June 2002.

e/ Under the terms of General Assembly resolution 57/335 of 18 June 2003, the total assessment on Member States was reduced by $43,158,000, comprising excess of income over expenditure ($65,737,000) and savings from prior period obligations ($18,421,000), for the period ended 30 June 2002, offset by an amount of $41,000,000 that was not apportioned to Member States in respect of the period ended 30 June 2001.

f/ Represents share of the cash pool and comprises cash and term deposits of $38,852,351, short-term investments of $909,302(market value $939,818), long-term investments of $212,725,199 (market value $214,229,167) and accrued interest receivable of $1,525,344.

g/ Includes $415,869 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 13.1

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	189 163	108 066	48 905	156 971	32 192
Civilian personnel	97 949	91 204	2 318	93 522	4 427
Operational requirements	294 821	132 429	97 028	229 457	65 364
Subtotal	**581 933**	**331 699**	**148 251**	**479 950**	**101 983**
Prorated costs					
United Nations Logistic Base	2 824	2 824	-	2 824	-
Support account for peacekeeping operations	23 568	23 568	-	23 568	-
Subtotal	**26 392**	**26 392**	-	**26 392**	-
Voluntary contributions in kind (budgeted)	2 747	1 780	-	1 780	967
Total	**611 072**	**359 871**	**148 251**	**508 122**	**102 950**

Statement XIV

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	305 243	476 807
Voluntary contributions c/	60	60
Interest income	4 334	7 625
Other income	2 830	1 642
Total income	**312 467**	**486 134**
Total expenditure (schedule 14.1)	**301 244**	**475 925**
Excess (shortfall) of income over expenditure	**11 223**	**10 209**
Prior-period adjustments d/	(71)	-
Net excess (shortfall) of income over expenditure	**11 152**	-
Savings on or cancellation of prior-period obligations	3 432	11 413
Credits returned to Member States e/	(21 622)	(64 552)
Reserves and fund balances, beginning of period	24 125	67 055
Reserves and fund balances, end of period	**17 087**	**24 125**

Statement XIV (concluded)

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	7 683	3 198
Cash pool f/	51 717	101 424
Assessed contributions receivable from Member States b/	74 111	110 670
Accounts receivable from Member States	1 105	1 096
Other accounts receivable	968	3 345
Inter-fund balances receivable	4 087	-
Deferred charges	55	120
Inter-office transactions pending processing	55	104
Total assets	**139 781**	**219 957**
Liabilities		
Contributions or payments received in advance	21	1 846
Unliquidated obligations - current period	84 645	105 030
Unliquidated obligations - prior period	25 658	37 976
Accounts payable to Member States	9 179	37 204
Other accounts payable	2 999	8 681
Inter-fund balances payable	-	4 795
Deferred credits	166	274
Inter-office transactions pending processing	26	26
Total liabilities	**122 694**	**195 832**
Reserves and fund balances		
Cumulative surplus	17 087	24 125
Total reserves and fund balances	**17 087**	**24 125**
Total liabilities and reserves and fund balances	**139 781**	**219 957**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $60,000 from Australia for premises for which budgetary provisions were made.

d/ Represents credits to new Member States of $70,562 for the period ended 30 June 2002.

e/ Under the terms of General Assembly resolution 57/327 of 18 June 2003, the total assessment on Member States was reduced by $21,622,000, comprising excess of income over expenditure ($10,209,000) and savings from prior period obligations ($11,413,000) for the period ended 30 June 2002.

f/ Represents share of the cash pool and comprises cash and term deposits of $7,910,428, short-term investments of $185,136 (market value $191,349), long-term investments of $43,311,341 (market value $43,617,553) and accrued interest receivable of $310,564.

The accompanying notes are an integral part of the financial statements.

Schedule 14.1

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	138 560	81 209	49 901	131 110	7 450
Civilian personnel	61 572	63 260	1 546	64 806	(3 234)
Operational requirements	91 868	58 827	33 198	92 025	(157)
Subtotal	**292 000**	**203 296**	**84 645**	**287 941**	**4 059**
Prorated costs					
United Nations Logistics Base	1 417	1 417	-	1 417	-
Support account for peacekeeping operations	11 826	11 826	-	11 826	-
Subtotal	**13 243**	**13 243**	**-**	**13 243**	**-**
Voluntary contributions in kind (budgeted)	60	60	-	60	-
Total	**305 303**	**216 599**	**84 645**	**301 244**	**4 059**

Statement XV

United Nations Mission in Ethiopia and Eritrea (UNMEE) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Assessed contributions b/	230 845	206 292
Interest income	4 592	3 601
Other Income	1 091	390
Total income	**236 528**	**210 283**
Total expenditure (schedule 15.1)	**219 634**	**192 900**
Excess (shortfall) of income over expenditure	**16 894**	**17 383**
Prior-period adjustments c/	(75)	-
Net excess (shortfall) of income over expenditure	**16 819**	**17 383**
Savings on or cancellation of prior-period obligations	7 686	6 556
Credits returned to Member States d/	(23 939)	(25 942)
Reserves and fund balances, beginning of period	23 937	25 940
Reserves and fund balances, end of period	**24 503**	**23 937**

Statement XV (concluded)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits e/	2 370	2 039
Cash pool f/	110 109	92 463
Assessed contributions receivable from Member States b/	27 664	33 377
Accounts receivable from Member States	33	44
Other accounts receivable	729	1 039
Deferred charges	110	244
Inter-office transactions pending processing	30	12
Total assets	**141 045**	**129 218**
Liabilities		
Contributions or payments received in advance	44	2
Unliquidated obligations - current period	76 250	60 902
Unliquidated obligations - prior period	8 778	16 460
Accounts payable to Member States	24 045	24 883
Other accounts payable	6 265	1 463
Inter-fund balances payable	1 062	1 461
Deferred credits	98	110
Total liabilities	**116 542**	**105 281**
Reserves and fund balances		
Cumulative surplus	24 503	23 937
Total reserves and fund balances	**24 503**	**23 937**
Total liabilities and reserves and fund balances	**141 045**	**129 218**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents credits to new Member States of $74,978 for the period ended 30 June 2002.

d/ Under the terms of the General Assembly resolution 57/328 of 18 June 2003, the total assessment to Member States was reduced by $23,939,300, comprising excess of income over expenditure ($17,383,300) and savings from prior period obligations ($6,556,000), for the period ended 30 June 2002.

e/ Includes $407,770 equivalent of non-convertible Eritrean nakfas and $112,144 equivalent of non-convertible Ethiopian birrs.

f/ Represents share of the cash pool and comprises cash and term deposits of $16,841,695, short-term investments of $394,164 (market value $407,392), long-term investments of $92,212,001 (market value $92,863,940) and accrued interest receivable of $661,205.

The accompanying notes are an integral part of the financial statements.

Schedule 15.1

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	105 388	65 524	37 354	102 878	2 510
Civilian personnel	33 253	30 350	692	31 042	2 211
Operational requirements	82 189	37 495	38 204	75 699	6 490
Subtotal	**220 830**	**133 369**	**76 250**	**209 619**	**11 211**
Prorated costs					
United Nations Logistics Base	1 071	1 071	-	1 071	-
Support account for peacekeeping operations	8 944	8 944	-	8 944	-
Subtotal	**10 015**	**10 015**	-	**10 015**	-
Total	**230 845**	**143 384**	**76 250**	**219 634**	**11 211**

Statement XVI

United Nations Mission in Côte d'Ivoire (MINUCI) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 13 May 2003 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period *13 May-30 June 2003*
Income	
Assessed contributions	-
Total income	-
Total expenditure (schedule 16.1) b/	**1 010**
Net excess (shortfall) of income over expenditure	**(1 010)**
Reserves and fund balances, beginning of period	-
Reserves and fund balances, end of period	**(1 010)**

United Nations Mission in Côte d'Ivoire (MINUCI)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003
(Thousands of United States dollars)

	2003
Assets	
Other accounts receivable	3
Inter-office transactions pending processing	5
Total assets	**8**
Liabilities	
Unliquidated obligations - current period	541
Other accounts payable	154
Inter-fund balances payable	323
Total liabilities	**1 018**
Reserves and fund balances	
Cumulative surplus b/	(1 010)
Total reserves and fund balances	**(1 010)**
Total liabilities and reserves and fund balances	**8**

a/ See notes 2 and 3.

b/ Security Council resolution 1479 (2003) of 13 May 2003 established MINUCI for an initial period of six months. Pursuant to section IV of General Assembly resolution 49/233A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions, on 11 June 2003, concurred with the Secretary General's request to enter into commitments in an amount not exceeding $13,980,600 for the establishment and operation of MINUCI from inception to 31 December 2003, pending the presentation of a detailed report to the General Assembly on the financing requirements. Expenditures for the period ended 30 June 2003 amounted to $1,009,700.

The accompanying notes are an integral part of the financial statements.

Schedule 16.1

United Nations Mission in Côte d'Ivoire (MINUCI)

Expenditure for the period from 13 May 2003 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance a/*
Military and police personnel	-	63	47	110	(110)
Civilian personnel	-	314	10	324	(324)
Operational requirements	-	92	484	576	(576)
Total	**-**	**469**	**541**	**1 010**	**(1 010)**

a/ Security Council resolution 1479 (2003) of 13 May 2003 established MINUCI for an initial period of six months. Pursuant to section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions, on 11 June 2003, concurred with the Secretary General's request to enter into commitments in an amount not exceeding $13,980,600 for the establishment and operation of MINUCI from inception to 31 December 2003, pending the presentation of a detailed report to the General Assembly on the financing requirements. $1,746,200 of the commitment authority has been allotted for the current period ending 30 June 2003. Expenditures for the period ended 30 June 2003 amounted to $1,009,700.

Statement XVII

SPECIAL PURPOSE ACCOUNTS

United Nations Peacekeeping Reserve Fund a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	*1 July 2001-30 June 2002*
Income		
Interest income	9 138	6 492
Other/miscellaneous income	1 911	-
Total income	**11 049**	**6 492**
Total expenditure	**1**	**1**
Net excess (shortfall) of income over expenditure	**11 048**	**6 491**
Transfer to other funds b/	(14 138)	-
Reserves and fund balances, beginning of period	197 387	190 896
Reserves and fund balances, end of period	**194 297**	**197 387**

Statement XVII (concluded)

United Nations Peacekeeping Reserve Fund

Statement of assets and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	350	75
Cash pool c/	181 101	184 466
Assessed contributions receivable from Member States d/	26	26
Due from United Nations Mission in the Central African Republic e/	12 820	12 820
Total assets	**194 297**	**197 387**
Reserves and fund balances		
Working capital funds	150 000	150 000
Cumulative surplus f/	44 297	47 387
Total reserves and fund balances	**194 297**	**197 387**

a/ See notes 2 and 3.

b/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, $14,137,444 was transferred to the United Nations Logistics Base for the financing of the strategic deployment stocks.

c/ Represents share of the cash pool and comprises cash and term deposits of $27,700,188, short-term investments of $648,297 (market value $670,053), long-term investments of $151,664,648 (market value $152,736,919) and accrued interest receivable of $1,087,510.

d/ Contributions assessed on Member States that joined the United Nations subsequent to the adoption of General Assembly resolution 47/217 of 23 December 1992 establishing the Peacekeeping Reserve Fund.

e/ Represents advances for start-up costs for United Nations Mission in the Central African Republic.

f/ Under the terms of General Assembly resolution 57/317 of 18 June 2003, $33,250,000 is authorized to be transferred to meet the requirements of the support account for peacekeeping operations for the period from 1 July 2003 to 30 June 2004.

The accompanying notes are an integral part of the financial statements.

Statement XVIII

Support account for peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Period	
	1 July 2002-30 June 2003	1 July 2001-30 June 2002
Income		
Allocation from other funds b/	100 896	91 950
Funding from reserves and fund balances c/	128	3 437
Interest income	3 500	1 869
Other/miscellaneous income	8	3
Total income	**104 532**	**97 259**
Total expenditure (schedule 18.1)	**97 145**	**84 343**
Excess (shortfall) of income over expenditure	**7 387**	**12 916**
Prior-period adjustments	(6)	(1)
Net excess (shortfall) of income over expenditure	**7 381**	**12 915**
Savings on or cancellation of prior-period obligations	1 098	1 255
Transfers from reserves and fund balances c/	(128)	(3 437)
Reserves and fund balances, beginning of period	10 798	65
Reserves and fund balances, end of period	**19 149**	**10 798**

Statement XVIII (concluded)

Support account for peacekeeping operations

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	375	520
Cash pool d/	26 012	23 017
Other accounts receivable	334	459
Deferred charges	522	792
Total assets	**27 243**	**24 788**
Liabilities		
Unliquidated obligations - current period	3 803	4 987
Other accounts payable	1 060	1 368
Inter-fund balances payable	2 834	7 338
Deferred credits	397	297
Total liabilities	**8 094**	**13 990**
Reserves and fund balances		
Cumulative surplus	19 149	10 798
Total reserves and fund balances	**19 149**	**10 798**
Total liabilities and reserves and fund balances	**27 243**	**24 788**

a/ See notes 2 and 3.

b/ The amount prorated ($100,896,200) among the active peacekeeping missions exceeded the amount approved for proration in accordance with the General Assembly resolution 56/293 by $127,800. This will be adjusted in a subsequent period.

c/ Under the terms of General Assembly resolution 56/293 dated 27 June 2002, the total assessment to Member States was reduced by $127,800, comprising of savings from prior period obligations ($541,000) offset by the shortfall of income over expenditure $413,200, for the period from 1 July 2000 to 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $3,978,729, short-term investments of $93,118 (market value $96,243), long-term investments of $21,784,420 (market value $21,938,436) and accrued interest receivable of $156,205.

The accompanying notes are an integral part of the financial statements.

Schedule 18.1

Support account for peacekeeping operations

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Civilian personnel	81 540	78 835	875	79 710	1 830
Operational requirements	19 356	14 507	2 928	17 435	1 921
Total	**100 896**	**93 342**	**3 803**	**97 145**	**3 751**

Statement XIX

United Nations Logistics Base at Brindisi a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003
(Thousands of United States dollars)

	Strategic Deployment Stocks activities	Other UNLB activities	2003 Total	2002 Total
Income				
Assessed contributions b/ c/	46 902	-	46 902	-
Funding from other funds c/	94 644	-	94 644	-
Allocation from other funds d/	-	12 088	12 088	7 923
Funding from reserves and fund balances e/	-	2 205	2 205	1 060
Interest income	-	2 838	2 838	289
Other/miscellaneous income	3 001 f/	118	3 119	156
Total income	**144 547**	**17 249**	**161 796**	**9 428**
Total expenditure (schedule 19.1)	89 213	14 448	**103 661**	**8 971**
Excess (shortfall) of income over expenditure	**55 334**	**2 801**	**58 135**	**457**
Savings on or cancellation of prior-period obligations	-	372	372	246
Transfers from reserves and fund balances e/	-	(2 205)	(2 205)	(1 060)
Reserves and fund balances, beginning of period	-	4 049	4 049	4 406
Reserves and fund balances, end of period	**55 334**	**5 017**	**60 351**	**4 049**

Statement XIX (concluded)

United Nations Logistics Base at Brindisi

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	676	1 456
Cash pool g/	81 963	2 459
Assessed contributions receivable from Member States b/ c/	38 524	-
Other accounts receivable h/	3 621	2 430
Inter-fund balances receivable	-	560
Deferred charges	19	-
Inter-office transactions pending processing	4	11
Total assets	**124 807**	**6 916**
Liabilities		
Contributions or payments received in advance	99	-
Unliquidated obligations - current period	56 551	2 649
Other accounts payable	7 667	210
Inter-fund balances payable	121	-
Deferred credits	18	8
Total liabilities	**64 456**	**2 867**
Reserves and fund balances		
Cumulative surplus - Strategic Deployment Stocks activities i/	55 334	-
Cumulative surplus - other UNLB activities	5 017	4 049
Total reserves and fund balances	**60 351**	**4 049**
Total liabilities and reserves and fund balances	**124 807**	**6 916**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectibility.

c/ Pursuant to General Assembly resolution 56/292 of 27 June 2002, $141,546,000 was approved to meet the requirements of strategic deployment stocks. This was financed by transfers of $54,690,848, $25,815,321, and $14,137,444, totaling $94,643,613 from the reserves and fund balances of United Nations Protection Force, United Nations Mission in Haiti, and the Peacekeeping Reserve Fund, respectively, and by assessments to certain Member States which opted to be assessed amounting to $46,902,387.

d/ In accordance with General Assembly resolution 56/289 of 27 June 2002, part of the cost estimates amounting to $12,087,800 are allocated on a prorated basis among the individual active peacekeeping missions.

e/ Under the terms of General Assembly resolution 56/289 of 27 June 2002, part of the cost estimates amounting to $2,205,400 are financed from excess of income over expenditure ($1,921,100) and savings from prior period obligations ($284,300), for the period ended 30 June 2001.

f/ Represents transfers of strategic deployment stocks at replacement values to peacekeeping missions and other United Nations organizations.

g/ Represents share of the cash pool and comprises cash and term deposits of $12,536,681, short-term investments of $293,409 (market value $302,256), long-term investments of $68,641,094 (market value $69,126,387) and accrued interest receivable of $492,190.

h/ Includes $2,690,149 resulting from transfers of Strategic Deployment Stocks.

i/ General Assembly resolution 57/315 of 18 June 2003 extended the validity period of resources approved in its resolution 56/292 to 30 June 2004. Cumulative surplus of strategic deployment stocks comprises of $52,643,821 from balance of funding for purchase of strategic deployment stocks per General Assembly resolution 56/292 of 27 June 2002 and $2,690,149 (transfers of $3,001,609 less purchases of $311,460) from replenishment of strategic deployment stocks.

The accompanying notes are an integral part of the financial statements.

Schedule 19.1

United Nations Logistics Base at Brindisi (UNLB)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Strategic deployment stocks activities					
Purchase of strategic deployment stocks further to General Assembly resolution 56/292	141 546	35 652	53 250	88 902	52 644
Replenishment of strategic deployment stocks arising from transfers to peacekeeping missions and other United Nations organizations	3 001 a/	311	-	311	2 690
Subtotal	**144 547**	**35 963**	**53 250**	**89 213**	**55 334**
Other UNLB activities					
Civilian personnel	6 519	6 746	118	6 864	(345)
Operational requirements	7 774	4 401	3 183	7 584	190
Subtotal	**14 293**	**11 147**	**3 301**	**14 448**	**(155)**
Total	**158 840**	**47 110**	**56 551**	**103 661**	**55 179**

a/ Represents transfers of strategic deployment stocks to peacekeeping missions and other United Nations organizations, thereby generating funds for their replenishment.

Statement XX

COMPLETED PEACEKEEPING OPERATIONS

United Nations Mission of Observers in Tajikistan (UNMOT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 16 December 1994 to 15 May 2000 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	16 December 1994 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	72 145	-	-
Voluntary contributions	2 057	-	-
Interest income	3 034	405	449
Other/miscellaneous income	786	3	3
Total income	**78 022**	**408**	**452**
Total expenditure	**59 414**	-	-
Excess (shortfall) of income over expenditure	**18 608**	**408**	**452**
Prior-period adjustments	(901)	(3)	(197)
Net excess (shortfall) of income over expenditure	**17 707**	**405**	**255**
Savings on or cancellation of prior-period obligations	4 402	36	45
Credits returned to Member States c/	(13 206)	(3 675)	-
Reserves and fund balances, beginning of period	-	8 903	8 603
Reserves and fund balances, end of period	**8 903**	**5 669**	**8 903**

Statement XX (concluded)

United Nations Mission of Observers in Tajikistan (UNMOT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	83	98
Cash pool d/	8 269	7 865
Assessed contributions receivable from Member States b/	394	1 530
Other accounts receivable	-	3
Inter-fund balances receivable	3	19
Total assets	**8 749**	**9 515**
Liabilities		
Contributions or payments received in advance	7	7
Unliquidated obligations - prior periods	163	200
Accounts payable to Member States	2 908	376
Other accounts payable	2	9
Deferred credits	-	20
Total liabilities	**3 080**	**612**
Reserves and fund balances		
Cumulative surplus c/	5 669	8 903
Total reserves and fund balances	**5 669**	**8 903**
Total liabilities and reserves and fund balances	**8 749**	**9 515**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $3,675,443 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,264,817, short-term investments of $29,602 (market value $30,595), long-term investments of $6,925,151 (market value $6,974,112), and accrued interest receivable of $49,657.

The accompanying notes are an integral part of the financial statements.

Statement XXI

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 1996 to 15 March 2000 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 July 1996 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	133 035	-	-
Voluntary contributions	4 766	-	-
Interest income	3 410	76	419
Other/miscellaneous income	3 912	-	30
Total income	**145 123**	**76**	**449**
Total expenditure	**123 566**	**-**	**-**
Excess (shortfall) of income over expenditure	**21 557**	**76**	**449**
Prior-period adjustments	(235)	(25)	(21)
Net excess (shortfall) of income over expenditure	**21 322**	**51**	**428**
Savings on or cancellation of prior-period obligations	3 991	203	14
Credits returned to Member States	(14 127)	-	-
Reserves and fund balances, beginning of period	-	11 186	10 744
Reserves and fund balances, end of period	**11 186**	**11 440**	**11 186**

Statement XXI (concluded)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	41	602
Cash pool c/	1 731	1 261
Assessed contributions receivable from Member States b/	19 809	19 820
Accounts receivable from Member States	50	50
Inter-fund balances receivable	19	28
Total assets	**21 650**	**21 761**
Liabilities		
Contributions or payments received in advance	53	188
Unliquidated obligations - prior periods	383	569
Accounts payable to Member States d/	366	422
Other accounts payable	23	-
Due to United Nations Mission in Haiti	9 366	9 366 e/
Deferred credits	19	30
Total liabilities	**10 210**	**10 575**
Reserves and fund balances		
Authorized retained surplus f/	11 440	4 000
Cumulative surplus	-	7 186
Total reserves and fund balances	**11 440**	**11 186**
Total liabilities and reserves and fund balances	**21 650**	**21 761**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $264,792, short-term investments of $6,197 (market value $6,405), long-term investments of $1,449,793 (market value $1,450,043), and accrued interest receivable of $10,396.

d/ Includes $54,159 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

e/ Reclassified to conform to the current presentation.

f/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXII

United Nations Mission in the Central African Republic (MINURCA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 April 1998 to 15 February 2000 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	15 April 1998 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	123 075	-	-
Voluntary contributions	4 527	-	-
Interest income	964	3	10
Other/miscellaneous income	758	5	8
Total income	**129 324**	**8**	**18**
Total expenditure	**121 423**	**-**	**0**
Excess (shortfall) of income over expenditure	**7 901**	**8**	**18**
Prior-period adjustments c/	(38)	(56)	(36)
Net excess (shortfall) of income over expenditure	**7 863**	**(48)**	**(18)**
Savings on or cancellation of prior-period obligations	4 657	1 997	38
Credits returned to Member States	(6 284)	-	-
Reserves and fund balances, beginning of period	-	6 236	6 216
Reserves and fund balances, end of period	**6 236**	**8 185**	**6 236**

Statement XXII (concluded)

United Nations Mission in the Central African Republic (MINURCA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	276	274
Cash pool	1	1
Assessed contributions receivable from Member States b/	35 937	35 950
Other accounts receivable	-	24
Inter-office transactions pending processing	7	4
Total assets	**36 221**	**36 253**
Liabilities		
Contributions or payments received in advance	58	68
Unliquidated obligations - prior periods	3 407	5 559
Accounts payable to Member States d/	7 750	8 084
Other accounts payable	-	25
Inter-fund balances payable	551	10
Due to United Nations Peacekeeping Reserve Fund	12 820	12 820
Due to United Nations Mission in Haiti	3 200	3 200
Due to United Nations Peace Forces	250	250
Inter-office transactions pending processing	-	1
Total liabilities	**28 036**	**30 017**
Reserves and fund balances		
Authorised retained surplus e/	8 185	-
Cumulative surplus	-	6 236
Total reserves and fund balances	**8 185**	**6 236**
Total liabilities and reserves and fund balances	**36 221**	**36 253**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents prior period salary charges of $49,761 and other charges of $6,687.

d/ Includes $176,386 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

e/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXIII

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 3 January 1989 to 26 February 1999 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	3 January 1989 to 30 June 2002	1 July 2002 to 30 June 2003	1 July 2001 to 30 June 2002
Income			
Assessed contributions b/	1 267 792	-	-
Funding from reserves and fund balances c/	-	12 458	-
Interest income	33 737	2 468	2 686
Other/miscellaneous income	30 464	10	211
Total income	**1 331 993**	**14 936**	**2 897**
Total expenditure (schedule 23.1)	**1 190 901**	**12 458**	**-**
Excess (shortfall) of income over expenditure	**141 092**	**2 478**	**2 897**
Prior-period adjustments	(21 941)	12	(119)
Net excess (shortfall) of income over expenditure	**119 151**	**2 490**	**2 778**
Savings on or cancellation of prior-period obligations	49 422	2 087	3 319
Credits returned to Member States d/	(53 481)	(21 100)	-
Transfer from reserves and fund balances c/	-	(12 458)	-
Reserves and fund balances, beginning of period	-	115 092	108 995
Reserves and fund balances, end of period	**115 092**	**86 111**	**115 092**

Statement XXIII (concluded)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	650	269
Cash pool e/	61 409	58 347
Assessed contributions receivable from Member States b/	43 418	51 572
Accounts receivable from Member States	8 141	8 146
Other accounts receivable	618	711
Inter-fund balances receivable	136	5
Total assets	**114 372**	**119 050**
Liabilities		
Contributions or payments received in advance	2	2
Unliquidated obligations - current period	12 073	-
Unliquidated obligations - prior periods	231	1 189
Accounts payable to Member States f/	15 082	1 754
Other accounts payable g/	725	854
Deferred credits	148	159
Total liabilities	**28 261**	**3 958**
Reserves and fund balances		
Cumulative surplus d/	86 111	115 092
Total reserves and fund balances	**86 111**	**115 092**
Total liabilities and reserves and fund balances	**114 372**	**119 050**

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a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents additional funding for outstanding government claims that was authorized by the General Assembly in its resolution 57/329 of 18 June 2003.

d/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002, in the amount of $21,100,024 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

e/ Represents share of the cash pool and comprises cash and term deposits of $9,392,787, short-term investments of $219,829 (market value $227,207), long-term investments of $51,427,582 (market value $51,791,175) and accrued interest receivable of $368,761.

f/ Includes $25,000 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

g/ Includes $697,385 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 23.1

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

Expenditure for the period from 1 July 2002 to 30 June 2003 as at 30 June 2003

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	12 458	385	12 073	12 458	-
Total	**12 458**	**385**	**12 073**	**12 458**	**-**

Statement XXIV

United Nations Preventive Deployment Force (UNPREDEP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 15 October 1999 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	166 563	-	172
Voluntary contributions	2	-	-
Funding from reserves and fund balances	904	-	-
Interest income	17 371	1 243	2 598
Other/miscellaneous income	3 984	-	-
Total income	**188 824**	**1 243**	**2 770**
Total expenditure	**152 276**	**-**	**-**
Excess (shortfall) of income over expenditure	**36 548**	**1 243**	**2 770**
Prior-period adjustments	(195)	(5)	(4)
Net excess (shortfall) of income over expenditure	**36 353**	**1 238**	**2 766**
Savings on or cancellation of prior-period obligations	6 685	655	335
Credits returned to Member States c/	(32 088)	(3 200)	(18 410)
Transfer from reserves and fund balances	(904)	-	-
Reserves and fund balances, beginning of period	-	10 046	25 355
Reserves and fund balances, end of period	**10 046**	**8 739**	**10 046**

Statement XXIV (concluded)

United Nations Preventive Deployment Force (UNPREDEP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	354	403
Cash pool d/	22 240	25 500
Assessed contributions receivable from Member States b/	2 637	3 637
Other accounts receivable	-	2
Inter-fund balances receivable	4	6
Total assets	**25 235**	**29 548**
Liabilities		
Contributions or payments received in advance	174	170
Unliquidated obligations - prior periods	3 448	3 448
Accounts payable to Member States	12 872	15 875
Deferred credits	2	9
Total liabilities	**16 496**	**19 502**
Reserves and fund balances		
Cumulative surplus c/	8 739	10 046
Total reserves and fund balances	**8 739**	**10 046**
Total liabilities and reserves and fund balances	**25 235**	**29 548**

a/ See notes 2 and 3

b/ Includes unpaid assessed contributions irrespective of collectability

c/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $3,200,462 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9

d/ Represents share of the cash pool and comprises cash and term deposits of $3,401,646, short-term investments of $79,612 (market value $82,284), long-term investments of $18,624,763 (market value $18,756,440) and accrued interest receivable of $133,549

The accompanying notes are an integral part of the financial statements

Statement XXV

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 30 November 1998 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	517 546	-	-
Voluntary contributions	298	-	-
Interest income	26 560	2 050	2 379
Other/miscellaneous income	4 155	-	67
Total income	**548 559**	**2 050**	**2 446**
Total expenditure	**461 345**	-	-
Excess (shortfall) of income over expenditure	**87 214**	**2 050**	**2 446**
Prior-period adjustments	(1 414)	(42)	(31)
Net excess (shortfall) of income over expenditure	**85 800**	**2 008**	**2 415**
Savings on or cancellation of prior-period obligations	27 905	3 487	4 769
Credits returned to Member States c/	(86 042)	(6 596)	(35 806)
Reserves and fund balances, beginning of period	-	27 663	56 285
Reserves and fund balances, end of period	**27 663**	**26 562**	**27 663**

Statement XXV (concluded)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	551	767
Cash pool d/	35 289	42 744
Assessed contributions receivable from Member States b/	12 326	14 426
Inter-fund balances receivable	43	45
Total assets	**48 209**	**57 982**
Liabilities		
Contributions or payments received in advance	18	16
Unliquidated obligations - prior periods	-	4 849
Accounts payable to Member States e/	21 584	25 405
Other accounts payable	2	7
Deferred credits	43	42
Total liabilities	**21 647**	**30 319**
Reserves and fund balances		
Cumulative surplus c/	26 562	27 663
Total reserves and fund balances	**26 562**	**27 663**
Total liabilities and reserves and fund balances	**48 209**	**57 982**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of GA resolution 57/323 of 18 June 2003, 50 per cent of the net cash available to Member States as at 30 June 2002, in the amount of $6,595,943 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

d/ Represents share of the cash pool and comprises cash and term deposits of $5,397,675, short-term investments of $126,327 (market value $130,567), long-term investments of $29,553,460 (market value $29,762,403) and accrued interest receivable of $211,913.

e/ Includes $1,500,000 representing claims pending settlement which have been transferred from prior period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXVI

United Nations Observer Mission in Liberia (UNOMIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 September 1993 to 30 June 1998 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	22 September 1993 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	141 984	-	-
Interest income	3 943	542	635
Other/miscellaneous income	1 233	2	1
Total income	**147 160**	**544**	**636**
Total expenditure	**97 401**	-	-
Excess (shortfall) of income over expenditure	**49 759**	**544**	**636**
Prior-period adjustments	(156)	(13)	88
Net excess (shortfall) of income over expenditure	**49 603**	**531**	**724**
Savings on or cancellation of prior-period obligations	5 302	-	349
Credits returned to Member States c/	(38 399)	(6 465)	-
Reserves and fund balances, beginning of period	-	16 506	15 433
Reserves and fund balances, end of period	**16 506**	**10 572**	**16 506**

Statement XXVI (concluded)

United Nations Observer Mission in Liberia (UNOMIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	233	217
Cash pool d/	13 281	12 741
Assessed contributions receivable from Member States b/	1 534	3 542
Other accounts receivable	6	19
Inter-fund balances receivable	-	11
Inter-office transactions pending processing	1	4
Total assets	**15 055**	**16 534**
Liabilities		
Accounts payable to Member States	4 481	20
Other accounts payable	2	1
Deferred credits	-	5
Inter-office transactions pending processing	-	2
Total liabilities	**4 483**	**28**
Reserves and fund balances		
Cumulative surplus c/	10 572	16 506
Total reserves and fund balances	**10 572**	**16 506**
Total liabilities and reserves and fund balances	**15 055**	**16 534**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of the net cash available to Member States as at 30 June 2002, in the amount of $6,464,962 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

d/ Represents share of the cash pool and comprises cash and term deposits of $2,031,329, short-term investments of $47,541(market value $49,137), long-term investments of $11,121,975 (market value $11,200,607) and accrued interest receivable of $79,750.

The accompanying notes are an integral part of the financial statements.

Statement XXVII

United Nations Peace Forces (UNPF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 12 January 1992 to 30 June 1997 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	12 January 1992 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	5 082 587	-	-
Voluntary contributions	37 360	-	-
Funding from reserves and fund balances	181 093	-	-
Interest income	52 661	6 729	6 084
Other/miscellaneous income	90 666	165	979
Total income	**5 444 367**	**6 894**	**7 063**
Total expenditure	**4 867 418**	**-**	**-**
Excess (shortfall) of income over expenditure	**576 949**	**6 894**	**7 063**
Prior-period adjustments	(312)	(3)	(86)
Net excess (shortfall) of income over expenditure	**576 637**	**6 891**	**6 977**
Savings on or cancellation of prior-period obligations	270 162	-	12 553
Credits returned to Member States c/ d/	(301 874)	(17 614)	(39 286)
Transfer from reserves and fund balances	(181 093)	-	-
Transfer to other funds c/	(63 312)	(54 691)	-
Reserves and fund balances, beginning of period	-	300 520	320 276
Reserves and fund balances, end of period	**300 520**	**235 106**	**300 520**

Statement XXVII (concluded)

United Nations Peace Forces (UNPF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	154	3 532
Cash pool e/	110 245	155 033
Assessed contributions receivable from Member States b/	155 244	191 985
Accounts receivable from Member States f/	127 449	127 405
Inter-fund balances receivable	467	15
Other accounts receivable	444	338
Due from United Nations Mission in the Central African Republic	250	250
Total assets	**394 253**	**478 558**
Liabilities		
Contributions or payments received in advance	6	-
Unliquidated obligations - prior periods	6 166	18 829
Accounts payable to Member States g/	24 953	31 194
Other accounts payable	564	564
Deferred credits f/	127 458	127 451
Total liabilities	**159 147**	**178 038**
Reserves and fund balances		
Authorized retained surplus h/	-	61 216
Surplus to be transferred c/	29 638	95 979
Cumulative surplus d/	205 468	143 325
Total reserves and fund balances	**235 106**	**300 520**
Total liabilities and reserves and fund balances	**394 253**	**478 558**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, which authorized funding of $95,978,945 from the United Nations Protection Force for the strategic deployment stocks, $54,690,848 has been directly transferred to the United Nations Logistics Base and $11,649,854 has been returned to Member States which selected and settled a separate assessment option for the strategic deployment stocks. The remaining balance of $29,638,243 will be returned to Member States once their assessment for strategic deployment stocks is settled. See also note 10.

d/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $5,964,069 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

e/ Represents share of the cash pool and comprises cash and term deposits of $16,862,502, short-term investments of $394,651 (market value $407,895), long-term investments of $92,325,924 (market value $92,978,669) and accrued interest receivable of $662,022.

f/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totaling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

g/ Includes $1,152,406 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

h/ Authorized retained surplus of $61,215,804 as per General Assembly resolution 56/500 of 27 June 2002 has not been subsequently renewed for the period ending 30 June 2003 in light of the cash position of the mission.

The accompanying notes are an integral part of the financial statements.

Statement XXVIII

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 February 1997 to 31 May 1997 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	15 February 1997 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	4 000	-	-
Interest income	43	-	-
Other/miscellaneous income	83	-	-
Total income	**4 126**	-	-
Total expenditure	**3 946**	-	-
Excess (shortfall) of income over expenditure	**180**	-	-
Prior-period adjustments	(8)	-	-
Net excess (shortfall) of income over expenditure	**172**	-	-
Savings on or cancellation of prior-period obligations	138	-	-
Credits returned to Member States	(292)	-	-
Reserves and fund balances, beginning of period	-	18	18
Reserves and fund balances, end of period	**18**	**18**	**18**

Statement XXVIII (concluded)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	1	-
Assessed contributions receivable from Member States b/	149	150
Total assets	**150**	**150**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	8	8
Inter-fund balances payable	123	123
Total liabilities	**132**	**132**
Reserves and fund balances		
Authorized retained surplus c/	18	-
Cumulative surplus	-	18
Total reserves and fund balances	**18**	**18**
Total liabilities and reserves and fund balances	**150**	**150**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ See note 8.

The accompanying notes are intergral part of the financial statements.

Statement XXIX

United Nations Mission in Haiti (UNMIH) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 23 September 1993 to 31 July 1996 as at 30 June 2003

(Thousands of United States dollars)

	Period		
	23 September 1993 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	357 541	-	-
Voluntary contributions	1	-	-
Interest income	30 416	2 669	2 259
Other/miscellaneous income	3 007	15	-
Total income	**390 965**	**2 684**	**2 259**
Total expenditure	**306 156**	**-**	**-**
Excess (shortfall) of income over expenditure	**84 809**	**2 684**	**2 259**
Prior-period adjustments	(1 080)	(4)	(1)
Net excess (shortfall) of income over expenditure	**83 729**	**2 680**	**2 258**
Savings on or cancellation of prior-period obligations	33 459	1 342	8 612
Credits returned to Member States c/ d/	(44 446)	(7 980)	-
Transfer to other funds c/	-	(25 815)	-
Other adjustments to reserves and fund balances	22	-	-
Reserves and fund balances, beginning of period	-	72 764	61 894
Reserves and fund balances, end of period	**72 764**	**42 991**	**72 764**

Statement XXIX (concluded)

United Nations Mission in Haiti (UNMIH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	35	737
Cash pool e/	43 967	63 805
Assessed contributions receivable from Member States b/	1 898	1 941
Accounts receivable from Member States	10	10
Other accounts receivable	-	1
Due from United Nations Mission for the Referendum in Western Sahara	-	8 000
Due from United Nations Civilian Police Mission in Haiti	9 366	9 366 f/
Due from United Nations Mission in the Central African Republic	3 200	3 200
Total assets	**58 476**	**87 060**
Liabilities		
Contributions or payments received in advance	59	53
Accounts payable to Member States	15 408	14 091
Other accounts payable	-	127
Inter-fund balances payable	18	25
Total liabilities	**15 485**	**14 296**
Reserves and fund balances		
Surplus to be transferred c/	14 112	45 567
Cumulative surplus d/	28 879	27 197
Total reserves and fund balances	**42 991**	**72 764**
Total liabilities and reserves and fund balances	**58 476**	**87 060**

a/ See notes 2, 3 and 8.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, which authorized funding of $45,567,055 from the United Nations Mission in Haiti for the strategic deployment stocks, $25,815,321 has been directly transferred to the United Nations Logistics Base and $5,639,962 has been returned to Member States which selected and settled a separate assessment option for the strategic deployment stocks. The remaining balance of $14,111,772 will be returned to Member States once their assessment for strategic deployment stocks is settled. See also note 10.

d/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $2,339,553 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

e/ Represents share of the cash pool and comprises cash and term deposits of $6,725,054, short-term investments of $157,394 (market value $162,676), long-term investments of $36,821,156 (market value $37,081,484) and accrued interest receivable of $264,026.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXX

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 June 1993 to 19 April 1996 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	22 June 1993 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	512 318	-	-
Voluntary contributions	477	-	-
Interest income	18 554	1 419	1 400
Other/miscellaneous income	6 979	-	-
Total income	**538 328**	**1 419**	**1 400**
Total expenditure	**435 657**	**-**	**-**
Excess (shortfall) of income over expenditure	**102 671**	**1 419**	**1 400**
Prior-period adjustments c/	(26 650)	(61)	(1)
Net excess (shortfall) of income over expenditure	**76 021**	**1 358**	**1 399**
Savings on or cancellation of prior-period obligations	18 881	2 038	1 243
Credits returned to Member States d/	(11 819)	(12 646)	-
Transfer to other funds	(38 068)	-	-
Reserves and fund balances, beginning of period	-	45 015	42 373
Reserves and fund balances, end of period	**45 015**	**35 765**	**45 015**

Statement XXX (concluded)

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	45	205
Cash pool e/	28 791	32 478
Assessed contributions receivable from Member States b/	15 251	19 430
Other accounts receivable	172	215
Inter-fund balances receivable	2	23
Inter-office transactions pending processing	4	55
Total assets	**44 265**	**52 406**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	8 497	6 744
Other accounts payable	-	623
Deferred credits	2	23
Total liabilities	**8 500**	**7 391**
Reserves and fund balances		
Cumulative surplus d/	35 765	45 015
Total reserves and fund balances	**35 765**	**45 015**
Total liabilities and reserves and fund balances	**44 265**	**52 406**

a/ In accordance with Security Council resolution 846 (1993) of 22 June 1993, the accounts of UNAMIR and UNOMUR were consolidated with effect from 23 December 1993. See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents prior period salary charges of $48,774 and other charges of $12,552.

d/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of the net cash available to Member States as at 30 June 2002, in the amount of $12,645,944 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

e/ Represents share of the cash pool and comprises cash and term deposits of $4,403,647, short-term investments of $103,063 (market value $106,522), long-term investments of $24,110,941 (market value $24,281,405) and accrued interest receivable of $172,887.

The accompanying notes are an integral part of the financial statements.

Statement XXXI

United Nations Observer Mission in El Salvador (ONUSAL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 7 November 1989 to 31 May 1995 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	7 November 1989 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	238 987	-	-
Voluntary contributions	1 641	-	-
Interest income	4 028	264	306
Other/miscellaneous income	2 607	-	-
Total income	**247 263**	**264**	**306**
Total expenditure	**199 484**	-	-
Excess (shortfall) of income over expenditure	**47 779**	**264**	**306**
Prior-period adjustments	(1 031)	(1)	(1)
Net excess (shortfall) of income over expenditure	**46 748**	**263**	**305**
Savings on or cancellation of prior-period obligations	5 176	-	-
Credits returned to Member States c/	(42 934)	(2 967)	-
Transfer to United Nations Peacekeeping Reserve Fund	(258)	-	-
Reserves and fund balances, beginning of period	-	8 732	8 427
Reserves and fund balances, end of period	**8 732**	**6 028**	**8 732**

Statement XXXI (concluded)

United Nations Observer Mission in El Salvador (ONUSAL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	541	538
Cash pool d/	6 554	6 295
Assessed contributions receivable from Member States b/	2 716	2 776
Other accounts receivable	22	22
Inter-fund balances receivable	32	-
Inter-office transactions pending processing	1	-
Total assets	**9 866**	**9 631**
Liabilities		
Contributions or payments received in advance	9	9
Accounts payable to Member States	3 797	889
Inter-fund balances payable	-	1
Deferred credits	32	-
Total liabilities	**3 838**	**890**
Reserves and fund balances		
Cumulative surplus c/	6 028	8 732
Total reserves and fund balances	**6 028**	**8 732**
Total liabilities and reserves and fund balances	**9 866**	**9 631**

a/ In accordance with General Assembly resolution 47/223 of 16 March 1993, the operations of the United Nations Observer Group in Central America (ONUCA) have been incorporated into ONUSAL. See also notes 2 and 3.

b/ Include unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of the net cash available for credit to Member States as at 30 June 2002 in the amount of $2,967,075 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,002,432, short-term investments of $23,461 (market value $24,248), long-term investments of $5,488,536 (market value $5,527,340) and accrued interest receivable of $39,355.

The accompanying notes are an integral part of the financial statements.

Statement XXXII

United Nations Operation in Mozambique (ONUMOZ) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 October 1992 to 31 March 1995 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	15 October 1992 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	561 098	-	-
Interest income	7 979	24	251
Other/miscellaneous income	4 291	42	59
Total income	**573 368**	**66**	**310**
Total expenditure	**492 556**	-	-
Excess (shortfall) of income over expenditure	**80 812**	**66**	**310**
Prior-period adjustments	(9 565)	(1)	(42)
Net excess (shortfall) of income over expenditure	**71 247**	**65**	**268**
Savings on or cancellation of prior-period obligations	24 203	-	11
Credits returned to Member States	(78 242)	-	-
Reserves and fund balances, beginning of period	-	17 208	16 929
Reserves and fund balances, end of period	**17 208**	**17 273**	**17 208**

Statement XXXII (concluded)

United Nations Operation in Mozambique (ONUMOZ)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	403	361
Cash pool c/	204	194
Assessed contributions receivable from Member States b/	18 748	18 778
Accounts receivable from Member States	-	-
Inter-fund balances receivable	5	-
Other accounts receivable	9	11
Total assets	**19 369**	**19 344**
Liabilities		
Contributions or payments received in advance	9	4
Accounts payable to Member States d/	2 074	2 076
Other accounts payable	-	17
Inter-fund balances payable	-	4
Deferred credits	13	34
Inter-office transactions pending processing	-	1
Total liabilities	**2 096**	**2 136**
Reserves and fund balances		
Authorised retained surplus e/	17 273	-
Cumulative surplus	-	17 208
Total reserves and fund balances	**17 273**	**17 208**
Total liabilities and reserves and fund balances	**19 369**	**19 344**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $31,254, short-term investments of $731(market value $756), long-term investments of $171,120 (market value $172,330) and accrued interest receivable of $1,227.

d/ Includes $406,985 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

e/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXIII

United Nations Operation in Somalia (UNOSOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 May 1992 to 28 February 1995 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 May 1992 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	1 738 202	-	-
Funding from reserves and fund balances	19 616	-	19 616
Interest income	9 024	438	1 503
Other/miscellaneous income	7 069	1	558
Total income	**1 773 911**	**439**	**21 677**
Total expenditure	**1 668 175**	-	**19 616**
Excess (shortfall) of income over expenditure	**105 736**	**439**	**2 061**
Prior-period adjustments c/	(8 821)	(278)	(254)
Net excess (shortfall) of income over expenditure	**96 915**	**161**	**1 807**
Savings on or cancellation of prior-period obligations	44 091	2 878	-
Credits returned to Member States	(83 930)	-	-
Transfer from other funds	103	-	-
Transfer from reserves and fund balances	(19 616)	-	(19 616)
Reserves and fund balances, beginning of period	-	37 563	55 372
Reserves and fund balances, end of period	**37 563**	**40 602**	**37 563**

Statement XXXIII (concluded)

United Nations Operation in Somalia (UNOSOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	92	113
Cash pool d/	1 802	10 282
Assessed contributions receivable from Member States b/	61 222	61 365
Other accounts receivable	111	351
Inter-fund balances receivable	92	48
Total assets	**63 319**	**72 159**
Liabilities		
Contributions or payments received in advance	1	1
Unliquidated obligations - current period	-	19 616
Accounts payable to Member States	19 787	11 584
Other accounts payable e/	2 886	3 351
Deferred credits	43	43
Inter-office transactions pending processing	-	1
Total liabilities	**22 717**	**34 596**
Reserves and fund balances		
Authorised retained surplus f/	40 602	-
Cumulative surplus	-	37 563
Total reserves and fund balances	**40 602**	**37 563**
Total liabilities and reserves and fund balances	**63 319**	**72 159**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Comprises accounting adjustments of $41,867, other prior period adjustments of $38,201 and write-offs of $197,796.

d/ Represents share of the cash pool and comprises cash and term deposits of $275,643, short-term investments of $6,451 (market value $6,668), long-term investments of $1,509,204 (market value $1,519,874) and accrued interest receivable of $10,822.

e/ Represents $2,886,260 of claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

f/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXIV

United Nations Military Liaison Team in Cambodia (UNMLT) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 15 November 1993 to 15 November 1994 as at 30 June 2003

(Thousands of United States dollars)

	Period		
	15 November 1993 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	910	-	-
Interest income	89	2	5
Other/miscellaneous income	91	-	-
Total income	**1 090**	**2**	**5**
Total expenditure	**587**	**-**	**-**
Excess (shortfall) of income over expenditure	**503**	**2**	**5**
Prior-period adjustments	(8)	(1)	(1)
Net excess (shortfall) of income over expenditure	**495**	**1**	**4**
Savings on or cancellation of prior-period obligations	5	-	-
Credits returned to Member States	(375)	-	-
Reserves and fund balances, beginning of period	-	125	121
Reserves and fund balances, end of period	**125**	**126**	**125**

Statement XXXIV (concluded)

United Nations Military Liaison Team in Cambodia (UNMLT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	225	223
Assessed contributions receivable from Member States b/	12	12
Total assets	**237**	**235**
Liabilities		
Contributions or payments received in advance	2	1
Accounts payable to Member States	109	109
Total liabilities	**111**	**110**
Reserves and fund balances		
Cumulative surplus	126	125
Total reserves and fund balances	**126**	**125**
Total liabilities and reserves and fund balances	**237**	**235**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

The accompanying notes are an integral part of the financial statements.

Statement XXXV

United Nations Transitional Authority in Cambodia (UNTAC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 November 1991 to 31 March 1994 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 November 1991 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	1 599 916	-	-
Voluntary contributions	9 493	-	-
Interest income	7 435	52	56
Other/miscellaneous income	6 183	90	-
Total income	**1 623 027**	**142**	**56**
Total expenditure	**1 640 831**	-	-
Excess (shortfall) of income over expenditure	**(17 804)**	**142**	**56**
Prior-period adjustments	(518)	(21)	(51)
Net excess (shortfall) of income over expenditure	**(18 322)**	**121**	**5**
Savings on or cancellation of prior-period obligations	27 883	552	-
Credits returned to Member States	(8 743)	-	-
Reserves and fund balances, beginning of period	-	818	813
Reserves and fund balances, end of period	**818**	**1 491**	**818**

Statement XXXV (concluded)

United Nations Transitional Authority in Cambodia (UNTAC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Cash and term deposits	93	661
Cash pool c/	712	1 074
Assessed contributions receivable from Member States b/	42 768	43 057
Accounts receivable from Member States	200	202
Other accounts receivable	276	216
Deferred charges	128	128
Total assets	**44 177**	**45 338**
Liabilities		
Contributions or payments received in advance	9	571
Unliquidated obligations - prior periods	-	933
Accounts payable to Member States	41 794	42 409
Other accounts payable	2	150
Inter-fund balances payable	324	-
Deferred credits	557	457
Total liabilities	**42 686**	**44 520**
Reserves and fund balances		
Authorized retained surplus d/	1 491	-
Cumulative surplus	-	818
Total reserves and fund balances	**1 491**	**818**
Total liabilities and reserves and fund balances	**44 177**	**45 338**

a/ The special account of the United Nations Mission in Cambodia (UNAMIC) has been consolidated into the special account for the United Nations Transitional Authority in Cambodia (UNTAC). See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $108,841, short-term investments of $2,547 (market value $2,633), long-term investments of $595,927 (market value $600,140) and accrued interest receivable of $4,273.

d/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXVI

United Nations Transition Assistance Group (UNTAG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 April 1988 to 30 June 1991 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	1 April 1988 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	416 162	-	-
Voluntary contributions	23 736	-	-
Interest income	44 709	1 504	1 268
Other/miscellaneous income	13 387	-	-
Total income	**497 994**	**1 504**	**1 268**
Total expenditure	**374 185**	**-**	**-**
Excess (shortfall) of income over expenditure	**123 809**	**1 504**	**1 268**
Prior-period adjustments	(579)	(1)	(1)
Net excess (shortfall) of income over expenditure	**123 230**	**1 503**	**1 267**
Savings on or cancellation of prior-period obligations	32 016	-	-
Credits returned to Member States c/	(66 896)	(19 492)	-
Transfer to United Nations Peacekeeping Reserve Fund	(49 243)	-	-
Reserves and fund balances, beginning of period	-	39 107	37 840
Reserves and fund balances, end of period	**39 107**	**21 118**	**39 107**

Statement XXXVI (concluded)

United Nations Transition Assistance Group (UNTAG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	515	496
Cash pool d/	37 997	38 499
Assessed contributions receivable from Member States b/	103	122
Due from the International Criminal Tribunal for former Yugoslavia	2 000	-
Total assets	**40 615**	**39 117**
Liabilities		
Contributions or payments received in advance	2	2
Accounts payable to Member States	19 495	8
Total liabilities	**19 497**	**10**
Reserves and fund balances		
Cumulative surplus c/	21 118	39 107
Total reserves and fund balances	**21 118**	**39 107**
Total liabilities and reserves and fund balances	**40 615**	**39 117**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 57/323 of 18 June 2003, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $19,492,525 was returned to Member States, and the return of the remaining 50 per cent is postponed until 31 March 2004. See also note 9.

d/ Represents share of the cash pool and comprises cash and term deposits of $5,811,777, short-term investments of $136,019 (market value $140,584), long-term investments of $31,820,760 (market value $32,045,734), and accrued interest receivable of $228,170.

The accompanying notes are an integral part of the financial statements.

Statement XXXVII

United Nations Iran-Iraq Military Observer Group (UNIIMOG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 9 August 1988 to 31 March 1991 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	9 August 1988 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	199 113	-	-
Voluntary contributions	14 715	-	-
Interest income	12 441	179	185
Other/miscellaneous income	12 053	1	-
Total income	**238 322**	**180**	**185**
Total expenditure	**177 895**	**-**	**-**
Excess (shortfall) of income over expenditure	**60 427**	**180**	**185**
Prior-period adjustments	226	(1)	(1)
Net excess (shortfall) of income over expenditure	**60 653**	**179**	**184**
Savings on or cancellation of prior-period obligations	4 997	-	-
Credits returned to Member States	(43 484)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(18 156)	-	-
Reserves and fund balances, beginning of period	-	4 010	3 826
Reserves and fund balances, end of period	**4 010**	**4 189**	**4 010**

Statement XXXVII (concluded)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Cash and term deposits	666	610
Cash pool c/	3 526	3 354
Assessed contributions receivable from Member States b/	18	79
Inter-fund balances receivable	-	2
Total assets	**4 210**	**4 045**
Liabilities		
Contributions or payments received in advance	8	21
Accounts payable to Member States	13	14
Total liabilities	**21**	**35**
Reserves and fund balances		
Cumulative surplus	4 189	4 010
Total reserves and fund balances	**4 189**	**4 010**
Total liabilities and reserves and fund balances	**4 210**	**4 045**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $539,341, short-term investments of $12,623 (market value $13,046), long-term investments of $2,953,011 (market value $2,973,889), and accrued interest receivable of $21,175.

The accompanying notes are an integral part of the financial statements.

Statement XXXVIII

Special Account for the United Nations Emergency Force (UNEF) 1956 a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 5 November 1956 to 30 June 1967 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	5 November 1956 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	166 375	-	-
Voluntary contributions	28 086	-	-
Proceeds from sale of United Nations bonds	19 207	-	-
Appropriated from United Nations Special Account	3 911	-	-
Miscellaneous, and savings in liquidating obligations and adjustments	8 479	(2 481)	(1 331)
Total income	**226 058**	**(2 481)**	**(1 331)**
Total expenditure c/	**215 540**	**-**	**-**
Net excess (shortfall) of income over expenditure	**10 518**	**(2 481)**	**(1 331)**
Reserves and fund balances, beginning of period	-	10 518	11 849
Reserves and fund balances, end of period	**10 518**	**8 037**	**10 518**

Statement XXXVIII (concluded)

Special Account for the United Nations Emergency Force (UNEF) 1956

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	2002
Assets		
Unpaid assessed contributions b/	42 627	42 627
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	5 275	5 275
Excess of authorized expenditures over assessments and applied contributions	876	876
Inter-fund balances receivable	81	81
Total assets	**48 859**	**48 859**
Liabilities		
Accounts payable to Member States	19 279	16 798
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	465	465
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	614	614
Assessed on economically developed countries to meet reserve requirements d/	10 415	10 415
Due to United Nations Special Account	1 932	1 932
Due to United Nations bond account	8 117	8 117
Total liabilities	**40 822**	**38 341**
Reserves and fund balances		
Cumulative surplus	8 037	10 518
Total reserves and fund balances	**8 037**	**10 518**
Total liabilities and reserves and fund balances	**48 859**	**48 859**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability. The amounts due from each Member State are unchanged from 30 June 2001, the details of which are contained in schedule 38.1 of the financial report and audited financial statements on peacekeeping operations for the period ended 30 June 2001.

c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.

d/ For 1965, $3,550,000 pursuant to section II of General Assembly resolution 2115 (XX) of 21 December 1965; for 1966, $3,550,000 pursuant to section III of the resolution; for 1967, $3,315,000 pursuant to resolution 2194 B (XXI) of 16 December 1966.

The accompanying notes are an integral part of the financial statements.

Statement XXXIX

Ad hoc Account for the United Nations Operation in the Congo (ONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 14 July 1960 to 30 June 1964 as at 30 June 2003
(Thousands of United States dollars)

	Period		
	14 July 1960 to 30 June 2002	*1 July 2002 to 30 June 2003*	*1 July 2001 to 30 June 2002*
Income			
Assessed contributions b/	241 549	-	-
Voluntary contributions	36 193	-	-
Proceeds from the sale of United Nations bonds	110 726	-	-
Investment income	89	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	45 862	(154)	(118)
Total income	**434 419**	**(154)**	**(118)**
Total expenditure	**397 437**	**-**	**-**
Net excess (shortfall) of income over expenditure	**36 982**	**(154)**	**(118)**
Reserves and fund balances, beginning of period	-	36 982	37 100
Reserves and fund balances, end of period	**36 982**	**36 828**	**36 982**

Statement XXXIX (concluded)

Ad hoc Account for the United Nations Operation in the Congo (ONUC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2003

(Thousands of United States dollars)

	2003	*2002*
Assets		
Unpaid assessed contributions b/	73 892	73 892
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	6 687	6 687
Excess of authorized expenditures over assessments and applied voluntary contributions d/	1 973	1 973
Inter-fund balances receivable	909	909
Total assets	**83 461**	**83 461**
Liabilities		
Accounts payable to Member States	6 890	6 736
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	855	855
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	1 560	1 560
Due to United Nations Special Account	1 397	1 397
Due to United Nations bond account	35 931	35 931
Total liabilities	**46 633**	**46 479**
Reserves and fund balances		
Cumulative surplus	36 828	36 982
Total reserves and fund balances	**36 828**	**36 982**
Total liabilities and reserves and fund balances	**83 461**	**83 461**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.

d/ For 1961, $268,455; for the second half of 1963, $1,118,712; for the first half of 1964, $585,899.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for peacekeeping operations for the period from 1 July 2002 to 30 June 2003

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories;

(b) The General Assembly focuses on a wide range of political, economic and social issues as well as the financial and administrative aspects of the Organization;

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts towards resolving conflicts, restoring democracy, promoting disarmament, providing electoral assistance and facilitating post-conflict peace-building, and engaging in humanitarian activities to ensure the survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law;

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting policies

The following are the significant accounting policies of the United Nations:

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the Rules formulated by the Secretary-General as required under the Regulations and Administrative Instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations System Accounting Standards, as adopted by the former Administrative Committee on Coordination (ACC). The ACC has since been replaced by the Chief

Executives Board for Coordination (CEB). The Organization follows International Accounting Standard 1 — Presentation of Financial Statements, on the disclosure of accounting policies, as modified and adopted by the CEB as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons therefor;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons therefor. The effect of the change should, if material, be disclosed and quantified;

(b) The Organization's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate, self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature;

(c) The financial period for peacekeeping operations is one year from 1 July to 30 June. The financial period of the Organization for all other funds is a biennium consisting of two consecutive calendar years;

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy in (j) (ii) below applies;

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at a rate of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference;

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(g) The Cash Flow Summary Statement is based on the "Indirect Method" of cash flow as referred to in the United Nations System Accounting Standards;

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Accounting Standards to the CEB;

(i) The results of the Organization's operations presented in statements I, II and III are shown at a summary level by general type of activity as well as on a consolidated basis after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a consolidated basis does not imply that the various separate funds can be intermingled in any way since, normally, resources may not be utilized between funds;

(j) Income:

(i) Amounts necessary to finance the activities of peacekeeping operations are assessed on Member States according to the scale of assessments determined by the General Assembly;

(ii) Income is recognized when an assessment on Member States has been authorized by the General Assembly and notifications of assessment have been issued by the Secretariat for the financial period. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-Member States that agree to pay reimbursement of costs for their participation in United Nations treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vi) Income for services rendered includes reimbursements for salaries of staff members and other costs that are attributable to providing technical and administrative support to other organizations;

(vii) Interest income includes all interest earned on deposits in various bank accounts and investment income earned on the cash pool. All realized losses and net unrealized losses on short-term investments in the cash pool are offset against investment income. Investment income and costs associated with operation of investments in the cash pool are allocated to participating funds;

(viii) Miscellaneous income includes income from rental of premises, sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency translations, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-Member States as stated in (j) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(ix) Income for future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in (m) (iii);

(k) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges as referred to in (l) (v);

(l) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest-bearing bank deposits;

(ii) Cash pool comprises participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the cash pool. The investments in the cash pool are similar in nature. Short-term investments are stated at lower of cost or market; long-term investments are stated at cost. Cost is defined as the nominal value plus/minus any unamortized premium/discount. Share in cash pool is reported separately in each of the participating fund's statement, and its composition and the market value of its investments are disclosed in the footnotes to the individual statements;

(iii) Assessed contributions represent a legal obligation of contributors, and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically dependent upon availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances are settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements;

(m) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "Reserves and fund balances" shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred credits include income received for future periods, income received but not yet earned and repatriation grants payable in future years;

(iv) Commitments of the Organization are shown as unliquidated obligations. Current period obligations related to peacekeeping operations remain valid for 12 months following the end of the financial period to which they relate. As per financial regulation 5.5 unliquidated obligations of peacekeeping operations owed to Governments may be retained for an additional period of four years beyond the 12-month period provided for in financial regulation 5.3;

(v) Contingent liabilities, if any, are disclosed in notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the General Assembly to provide retirement, death, disability and related benefits. The UNJSPF is a funded defined benefit plan. The financial obligation of the Organization to UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the UNJSPF. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the UNJSPF as of the valuation date. As at the date of the current financial statement, the United Nations General Assembly has not invoked this provision.

Note 3
Accounting provisions for peacekeeping operations

The accounts for the peacekeeping operations have been maintained in accordance with the provisions of the Financial Regulations and Rules of the United Nations, with due regard for the following:

(a) Financial regulation 1.2, which states that the financial period of peacekeeping operations with special accounts shall be one year from 1 July to 30 June;

(b) Financial regulation 6.5, which states that the annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year;

(c) Financial regulation 5.5, which states that obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the 12-month period provided for in financial regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the 12-month period provided in financial regulation 5.3. At the end of the additional four-year period, any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained shall be surrendered;

(d) Voluntary contributions:

(i) General provisions:

a. Voluntary contributions in cash shall be considered income to be credited to the special account of the peacekeeping operation;

b. Voluntary contributions in kind in the form of supplies and services shall be recorded as income under the heading "Voluntary contributions" at the time of delivery of supplies or commencement of services, provided budgetary provision for such supplies or services was made. In case there was no budgetary provision, no accounting entry shall be made, but the amount of the contribution shall be reflected in a footnote to the financial statements. Cost of facilities provided under an agreement with a Member State in whose country a peacekeeping operation is located is excluded from the determination of voluntary contributions;

(ii) United Nations Peacekeeping Force in Cyprus accounts:

a. Prior to 16 June 1993, the Secretary-General was not authorized to utilize any funds other than the voluntary contributions pledged by Member States for the financing of the United Nations Peacekeeping Force in Cyprus (UNFICYP). The recording of obligations for the period prior to 16 June 1993 was limited to amounts that were within the total of pledged contributions. As a consequence, the full amount of UNFICYP obligations that are payable for the period prior to 16 June 1993 has not been recorded, in particular with respect to reimbursements for extra costs in connection with pay and allowances of contingents and for extra costs in connection with contingent-owned equipment. Such unrecorded obligations for the period prior to 16 June

1993 totalled $188,862,303 and are reflected in footnote f/ to the UNFICYP (statement IV) financial statements;

b. The General Assembly decided in its resolution 47/236 of 14 September 1993 that beginning 16 June 1993 the costs of UNFICYP should be treated as expenses of the Organization to be borne by Member States in accordance with Article 17, paragraph 2, of the Charter of the United Nations. From 16 June 1993 onwards appropriations and assessments have been raised on the Member States in accordance with relevant General Assembly resolutions;

(e) Peacekeeping Reserve Fund:

By its resolution 47/217 of 23 December 1992, the General Assembly established the United Nations Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations. The level of the Peacekeeping Reserve Fund was established at $150 million. In accordance with the above-cited resolution, $49,242,762 was allocated from unencumbered balances in the special account of the United Nations Transition Assistance Group, $18,156,200 from unencumbered balances in the special account of the United Nations Iran-Iraq Military Observer Group and $82,601,038 from authorized retained savings in the United Nations General Fund.

In accordance with General Assembly resolution 56/292 of 27 June 2002, during the period ended 30 June 2003, an amount of $14,137,444 was transferred for funding of strategic deployment stocks held in the accounts of the United Nations Logistics Base.

Note 4
Explanatory notes on assessed contributions receivable

Assessed contributions receivable have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. With reference to the amounts shown as unpaid, certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. Based on United Nations policy as stated in note 2 (l) (iii) above, no provision has been made for delays in the collection of outstanding assessed contributions. With regard to the foregoing, a number of Member States have requested that attention be drawn to their positions (as stated by their delegations at successive sessions of the General Assembly), in particular with respect to the following:

(a) To the extent that the amounts relate to expenditures under the Special Account for the United Nations Emergency Force (UNEF) 1956 and under the Ad hoc Account for the United Nations Operation in the Congo (ONUC), which, in the view of some Member States, were illegal, they do not consider themselves bound, under the provisions of Article 17 of the Charter of the United Nations, to participate in paying for those expenditures. As a result, withholdings by certain Member States from payments for the financing of UNEF 1956 (statement XXXVIII) and ONUC (statement XXXIX) are estimated to be $38.6 million and $70.2 million, respectively. The estimate, which is based on the apportioned shares of the Member States concerned, excludes $5.3 million and $6.7 million in unpaid assessed contributions to UNEF (1956) and ONUC, respectively, by China for the period up to 24 October 1971. Following the adoption by the General Assembly of its resolution 2758 (XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations" on 25 October 1971, that amount was transferred to a special account pursuant to General Assembly resolution 3049 C (XXVII) of 19 December 1972;

(b) Certain Member States have stated that they do not intend to participate in the financing of UNEF 1973 and the United Nations Disengagement Observer Force (UNDOF). Other Member States have stated that they have excluded from their contributions to UNEF 1973 their shares of the expenses that they attribute to the additional functions resulting from the agreement of 4 September 1975 between Egypt and Israel. As a result, withholdings by certain Member States from payments from the financing of UNEF 1973 and UNDOF are estimated to be $0.3 million, which covers UNEF 1973 until its liquidation in 1979 and UNDOF to 30 June 2003. That amount excludes $36.0 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A of 10 December 1981;

(c) Certain Member States have stated that they do not intend to participate in the financing of UNIFIL. As a result, withholdings by certain Member States from payments for the financing of UNIFIL are estimated to be $23.6 million. That estimate, which is based on the apportioned shares of the Member States concerned from the inception of UNIFIL on 19 March 1978 to 30 June 2003, excludes $19.6 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A;

(d) Status of unpaid assessed contributions as at 30 June 2003:

Detailed information for each of the separate peacekeeping operations on assessments and collections as at 30 June 2003 and on all outstanding balances due from each Member State is shown in the status of contributions report (ST/ADM/SER.B/606). The status of contributions report for 30 June 2003 was printed too early in July to reflect any assessments or the application of credits returned to Member States that were approved by the General Assembly in late June. However, the financial statements include such late-June transactions, and the new amounts due become part of the outstanding contributions from Member States shown as at 30 June 2003. As a result, in such cases the amounts shown as contributions outstanding from Member States as at 30 June 2003 in the status of contributions report may be lower or higher than the corresponding amounts included in financial statements as at 30 June 2003.

Note 5

Peacekeeping special account fund summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); and cash flow (statement III)

(a) Statements I, II and III contain financial results for all United Nations peacekeeping funds, which are broken down into three groups of related funds and consolidated into a grand total reflecting all individual peacekeeping accounts of the

Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any other purpose than that for which it is authorized. The financial results of all peacekeeping operations are summarized in statements I, II and III. These are categorized as all active peacekeeping missions (statements IV-XVI), the Peacekeeping Reserve Fund (statement XVII), the support account for peacekeeping operations (statement XVIII), the United Nations Logistics Base at Brindisi (statement XIX), and completed peacekeeping missions (statements XX-XXXIX);

(b) To comply with the uniform financial statement formats, statement I includes two calculations of the excess (shortfall) of income over expenditure. The first calculation is based on income and expenditure only for the current period. The second calculation shown is a net one, which includes any prior period adjustments to income or expenditure.

Note 6

United Nations Emergency Force 1973 and United Nations Disengagement Observer Force (statement V)

The General Assembly, on a number of occasions, has authorized the temporary suspension of Financial Regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNEF/UNDOF to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83 of 15 December 1995, the authorized retained surplus of $64,931,001 was reduced proportionately by a total of $15,321,728 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Under the terms of resolution 53/226 of 8 June 1999, followed by resolutions 54/266 of 15 June 2000 and 55/264 of 14 June 2001, the authorized retained surplus was further reduced by a total of $13,622,162, leaving a balance of $35,987,111 as at 30 June 2003.

Note 7

United Nations Interim Force in Lebanon (statement VI)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNIFIL to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83, those authorized retained surpluses of $108,461,935 were reduced proportionately by a total of $25,583,986 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994, leaving a balance of $82,877,949 as at 30 June 2003.

Note 8

Authorized retained surplus

The General Assembly decided, in its resolution 57/323 of 18 June 2003, to suspend financial regulation 5.5 for certain missions in the light of the cash shortages in those missions. Those missions are the Military Observer Group of the United Nations Verification Mission in Guatemala (statement XXVIII); the United Nations Operation in Mozambique (statement XXXII); the United Nations Operation in Somalia (statement XXXIII); the United Nations Support Mission in

Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti (statement XXI); the United Nations Transitional Authority in Cambodia (statement XXXV); and the United Nations Mission in the Central African Republic (statement XXII).

Note 9
Cumulative surplus

The General Assembly decided in its resolution 57/323 of 18 June 2003 to postpone the return of the remaining 50 per cent of the net cash available in certain closed missions until 31 March 2004. The cumulative surplus balances in the affected missions will be reduced at the time that the transfer to Member States occurs. The total amount due to be returned is $84,446,000, broken down as follows:

UNMOT	$3,675,557
MONUA/UNAVEM	21,099,976
UNPREDEP	3,200,538
UNTAES	6,596,057
UNOMIL	6,465,038
UNPF	5,963,931
UNMIH	2,339,447
UNAMIR/UNOMUR	12,646,056
ONUSAL	2,966,925
UNTAG	19,492,475
Total	$84,446,000

Note 10
Surplus to be transferred for strategic deployment stocks

Under the terms of General Assembly resolution 56/292 of 27 June 2002, amounts of $95,978,945 and $45,567,055 were authorized to be transferred from reserves and fund balances of UNPF (statement XXVII) and UNMIH (statement XXIX), respectively, for strategic deployment stocks to be held in the account of UNLB (statement XIX). Member States had the option to transfer their share in the surpluses directly to the UNLB or, alternatively, to have their shares returned to them upon settling a separate assessment for strategic deployment stocks. Some Member States opted to transfer their share in the surpluses directly to UNLB, and accordingly surpluses of $54,690,848 and $25,815,321 have been directly transferred from UNPF and UNMIH, respectively. Some Member States opted to and settled a separate assessment for strategic deployment stocks, and accordingly amounts of $11,649,854 and $5,639,962 from the surpluses of UNPF and UNMIH, respectively, have been returned to those Member States. The remaining surpluses of $29,638,243 and $14,111,772 in UNPF and UNMIH, respectively, shall be returned to Member States upon their settlement of the separate assessment for strategic deployment stocks.

Note 11
Non-expendable equipment

The following table shows the value of non-expendable equipment, at cost, at peacekeeping missions, according to the cumulative inventory records of the United Nations as at 30 June 2003. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the current appropriations when acquired.

Peacekeeping mission	*2003*	*2002*
	(Thousands of United States dollars)	
UNFICYP	15 183	12 662
UNDOF	36 103	34 247
UNIFIL	102 098	130 513
UNIKOM	23 334	23 580
MINURSO	27 136	25 948
UNMIBH	-	59 333
UNOMIG	18 944	17 385
UNAMSIL	71 648	68 018
UNMIK	135 037	133 414
MONUC	136 743	101 466
UNTAET	52 987	67 335
UNMEE	47 148	34 202
UNLB	47 903	93 651
UNLB — strategic deployment stocks	41 449	-
Total	**755 713**	**801 754**

Note 12
Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or the liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures;

(b) Staff members who separate from the Organization are entitled to be paid for any unused vacation days that they may have accrued up to a maximum of 60 days. The Organization's liability for such unpaid accrued vacation compensation, in respect of peacekeeping operations is estimated to be between $20 million and $25 million at 30 June 2003;

(c) Some staff members are entitled to repatriation grants and related expenditures of relocation upon their termination from the Organization based on the number of years of service. The Organization's liability for such unpaid repatriation grant and relocation entitlement, in respect of peacekeeping operations, is estimated to be between $15 million and $20 million at 30 June 2003.

Annex I

Peacekeeping operations funded by the regular budget: status of appropriations by major object of expenditure for the eighteen-month period of the biennium 2002-2003 ending 30 June 2003

(Thousands of United States dollars)

Programme	*Appropriation*	*Salaries and related costs*	*Travel*	*Operating expenses and supplies*	*Acquisitions*	*Total expenditure*	*Unencumbered balance*
Administration and common services	2 068	699	-	628	124	1 451	617
Executive direction and management	8 068	5 328	136	1	-	5 465	2 603
UNTSO	51 151	30 038	2 252	2 966	1 005	36 261	14 890
UNMOGIP	12 446	6 061	1 148	1 519	510	9 238	3 208
Field operations support	4 467	2 941	29	2	-	2 972	1 495
Total	**78 200**	**45 067**	**3 565**	**5 116**	**1 639**	**55 387**	**22 813**

Annex II

Activities related to peacekeeping operations funded by trust funds: schedule of income, expenditure, reserves and fund balances for the fiscal year ended 30 June 2003

(Thousands of United States dollars)

Trust fund	*Reserves and fund balances beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances end of period*
Trust Fund for Iraq-Kuwait Border Issues	1 028	56	-	1 084
Trust Fund for the Restoration of Essential Public Services in Sarajevo	5 752	268	3 224	2 796
Trust Fund for Implementation of the Cotonou Accord on Liberia	3 709	140	3 730	119
Trust Fund to Support the Implementation of the Agreement on a Temporary Ceasefire and the Cessation of Other Hostile Acts on the Tajik-Afghan Border and within the Country for the Duration of the Talks	21	1	-	22
United Nations Trust Fund for Electoral Observation	2 664	368	277	2 755
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border	4 864	4 005	2 613	6 256
Trust Fund to Support the Multinational Force Deployed in East Timor	77 351	2 995	73 885	6 461
Trust Fund for the United Nations Transitional Administration in East Timor	12 755	1 318	356	13 717
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	263	425	162	526
Voluntary Fund for the Cambodian Peace Process	4 331	226	-	4 557
Trust Fund for the Activities of the International Support and Verification Commission	222	12	-	234
Cambodia Trust Fund	2 173	110	-	2 283
Trust Fund for Somalia — Unified Command	840	43	586	297
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	262	434	260	436
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	4 345	649	2 969	2 025
Trust Fund for Confidence-building Measures in Eastern Slavonia	19	-	19	-
Trust Fund for the Enhancement of UNSMIH Capacity	225	12	48	189
Trust Fund for the Enhancement of UNTMIH Capacity	983	51	208	826
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	1 210	129	521	818
Trust Fund for the Support of the Activities of MINURCA	25	1	-	26
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	175	22	187	10
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	40 707	2 207	645	42 269
Trust Fund for Activities Related to Administrative and Budgetary Aspects of Peacekeeping Operations	1	-	-	1
Trust Fund for Support from Governments and Organizations to Department of Peacekeeping Operations' Lessons-Learned Mechanism	588	183	221	550
Trust Fund for the Financing of a United Nations International Conference on Medical Support for Peacekeeping Operations	9	1	-	10

Trust fund	*Reserves and fund balances beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances end of period*
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force	378	52	120	310
Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peacekeeping	39	2	-	41
Trust Fund for Improving Preparedness for Conflict Prevention and Peacekeeping in Africa	198	11	18	191
Trust Fund for the Rapidly Deployable Mission Headquarters	963	52	-	1 015
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	873	64	247	690
Trust Fund to Support the United Nations Interim Administration in Kosovo	2 897	337	1 551	1 683
Total	**169 870**	**14 174**	**91 847**	**92 197**

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